NEW ISSUE
Book-Entry Only

Supplemental Official Statement No. 1
(To Official Statement dated February 23, 2016)

RATINGS: Moody's: "Aa1"
S&P: "AA"
Fitch: "AA"
See **RATINGS** herein.

$600,000,000
THE OHIO STATE UNIVERSITY
General Receipts Bonds
(Multiyear Debt Issuance Program)
Series 2016 A
(Federally Taxable)

Dated: Date of Delivery **Due: As shown on inside cover**

The General Receipts Bonds (Multiyear Debt Issuance Program), Series 2016 A (Federally Taxable) (the "Series 2016 A Bonds" and sometimes the "Bonds") are special obligations of The Ohio State University (the "University") issued to pay costs of capital facilities and to pay costs of issuance of the Bonds. See **THE PROJECT AND PLAN OF FINANCE.**

The Bonds are the first series issued by The Ohio State University (the "University") pursuant to its Multiyear Debt Issuance Program (the "Program"). The University is authorized by the Program Resolution (as herein defined) to issue from time to time up to $1,000,000,000 of General Receipts Bonds in one or more series, each denominated as "Program Bonds". See **INTRODUCTORY STATEMENT – The Program** in the accompanying Official Statement. Except as otherwise defined herein, all capitalized terms used in this Supplemental Official Statement shall have the same meanings assigned to them in the accompanying Official Statement or the Amended and Restated Trust Indenture (as herein defined).

The Bonds are issuable in the denomination of $1,000 or any integral multiple thereof. The principal of the Bonds will be payable at the designated corporate trust office of the Trustee. Interest on the Bonds is payable semi-annually on June 1 and December 1, commencing June 1, 2016. The Bonds will be initially issued only as fully registered bonds issuable under a book-entry system and registered initially in the name of The Depository Trust Company or its nominee ("DTC"). There will be no distribution of the Bonds to the owners of book-entry interests. So long as DTC or its nominee is the registered owner of the Bonds, references herein to the Bondholders or registered owners shall mean DTC or its nominee, and not the owners of book-entry interests in the Bonds. See **APPENDIX C – BOOK-ENTRY-ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES.**

The Bonds are subject to optional redemption prior to maturity as described herein. See **DESCRIPTION OF THE BONDS – Optional Redemption.**

Interest on and any profit made on the sale, exchange or other disposition of the Bonds are generally subject to inclusion in federal gross income of the holders thereof. Interest on and any profit made on the sale, exchange or other disposition of the Bonds are exempt from certain taxes imposed by the State of Ohio (the "State") and its political subdivisions. For a discussion of certain federal tax considerations, see **CERTAIN U.S. FEDERAL TAX CONSIDERATIONS.**

The Bonds are not obligations of the State of Ohio, are not general obligations of the University, and the full faith and credit of the University is not pledged to their payment. The owners of the Bonds have no right to have any excises or taxes levied by the Ohio General Assembly for the payment of the principal, interest and redemption premium.

This cover page contains certain information for quick reference only. It is not intended to be a summary of this issue. Investors must read this entire Supplemental Official Statement and the accompanying Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2016 A Bonds are offered when, as and if issued by the University and received by the Underwriters, subject to a receipt of an opinion on certain legal matters relating to their issuance by Bricker & Eckler LLP, bond counsel to the University. Certain legal matters will be passed upon for the University by its statutory counsel, the Attorney General of the State of Ohio, through Christopher Culley, Assistant Attorney General and General Counsel for the University, and by Tucker Ellis LLP. Certain legal matters in connection with the Bonds will be passed upon for the Underwriters by Hunton & Williams LLP, counsel to the Underwriters. It is expected that the Bonds will be available in definitive form for delivery through the facilities of DTC in New York, New York on or about March 9, 2016.

Barclays **RBC Capital Markets**

KeyBanc Capital Markets **Wells Fargo Securities**

BofA Merrill Lynch **Goldman, Sachs & Co.** **Loop Capital Markets** **PNC Capital Markets** **US Bancorp**

This Supplemental Official Statement is dated March 2, 2016.

MATURITY SCHEDULE

$600,000,000
THE OHIO STATE UNIVERSITY
General Receipts Bonds
(Multiyear Debt Issuance Program)
Series 2016 A
(Federally Taxable)

$350,000,000 3.798% Term Bonds due December 1, 2046, Price 100%, CUSIP 677632G88[†]

$250,000,000 4.048% Term Bonds due December 1, 2056, Price 100%, CUSIP 677632G96[†]

TABLE OF CONTENTS

SERIES 2016 A SUPPLEMENTAL OFFICIAL STATEMENT

OFFICIAL STATEMENT

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REGARDING USE OF THIS SUPPLEMENTAL OFFICIAL STATEMENT

This Supplemental Official Statement, including the Appendices attached hereto, and the accompanying Official Statement, does not constitute an offering of any security other than the original offering by the University of the Bonds identified on the cover hereof. No dealer, broker, salesman or other person has been authorized by the University to give any information or to make any representation with respect to the Bonds other than those contained in this Supplemental Official Statement and the accompanying Official Statement and, if given or made, such other information or representations not so authorized must not be relied upon as having been given or authorized by the University. This Supplemental Official Statement, which includes the cover page and the Appendices attached hereto and the accompanying Official Statement, does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information and descriptions in this Supplemental Official Statement and the accompanying Official Statement do not purport to be comprehensive or definitive. Statements regarding specific documents, including the Bonds, are summaries of and subject to the detailed provisions of such documents and are qualified in their entirety by reference to each such document, copies of which will be made available, upon request, for examination in the offices of the Underwriters during the initial offer of the Bonds and thereafter at the designated corporate trust office of the Trustee.

The information and expressions of opinion in this Supplemental Official Statement and the accompanying Official Statement are subject to change without notice and neither the delivery of this Supplemental Official Statement and the accompanying Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the University since the date of this Supplemental Official Statement.

Upon issuance, the Bonds will not be registered by the University under the Securities Act of 1933, as amended (the "Securities Act") pursuant to the exemption afforded under Section 3(a)(2) of the Securities Act, or under any state securities law. The Bonds will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, or other governmental entity or agency, except the University, will have passed upon the accuracy or adequacy of this Supplemental Official Statement and the accompanying Official Statement or approved the Bonds for sale. Any representation to the contrary is a criminal offense.

Certain statements included or incorporated by reference in this Supplemental Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1955, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend," "projection" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information in APPENDIX A – THE OHIO STATE UNIVERSITY. A number of important factors, including factors affecting the University's financial condition and factors which are otherwise unrelated thereto, could cause actual results to differ materially from those stated in such forward-looking statements. THE UNIVERSITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

The forward looking information and preliminary financial data set forth in this Supplemental Official Statement and in Appendix A were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to forward looking information and preliminary financial data, but, in the view of the University's management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the University. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Supplemental Official Statement are cautioned not to place undue reliance on the forward looking information and preliminary financial data. Neither the University's independent accountants, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forward looking information and preliminary financial data contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forward looking information and preliminary financial data.

The Underwriters have provided the following sentence for inclusion in this Supplemental Official Statement. The Underwriters have reviewed the information in this Supplemental Official Statement and the accompanying Official Statement in accordance with, and as a part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

INFORMATION COVERING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

MINIMUM UNIT SALES

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $1,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 150 UNITS (BEING 150 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

EUROPEAN ECONOMIC AREA

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (THE “EEA”) THAT HAS IMPLEMENTED THE PROSPECTUS DIRECTIVE (EACH, A “RELEVANT MEMBER STATE”), WITH EFFECT FROM AND INCLUDING THE DATE ON WHICH THE PROSPECTUS DIRECTIVE IS IMPLEMENTED IN THAT RELEVANT MEMBER STATE (THE “RELEVANT IMPLEMENTATION DATE”), AN OFFER OF ANY BONDS WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS SUPPLEMENTAL OFFICIAL STATEMENT IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN THAT RELEVANT MEMBER STATE OTHER THAN: (A) TO ANY LEGAL ENTITY WHICH IS A “QUALIFIED INVESTOR” AS DEFINED IN THE PROSPECTUS DIRECTIVE; (B) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN QUALIFIED INVESTORS AS DEFINED IN THE PROSPECTUS DIRECTIVE) AS PERMITTED UNDER THE PROSPECTUS DIRECTIVE; OR (C) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 3(2) OF THE PROSPECTUS DIRECTIVE; PROVIDED THAT NO SUCH OFFER OF THE BONDS SHALL REQUIRE THE ISSUER OR ANY UNDERWRITER TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN “OFFER OF BONDS TO THE PUBLIC” IN RELATION TO THE BONDS IN ANY RELEVANT MEMBER STATE MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE THE BONDS, AS THE SAME MAY BE VARIED IN THAT MEMBER STATE BY ANY MEASURE IMPLEMENTING THE PROSPECTUS DIRECTIVE IN THAT MEMBER STATE, THE EXPRESSION “PROSPECTUS DIRECTIVE” MEANS DIRECTIVE 2003/71/EC (AND AMENDMENTS THERETO, INCLUDING THE 2010 PD AMENDING DIRECTIVE, TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE), AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN THE RELEVANT MEMBER STATE AND THE EXPRESSION “2010 PD AMENDING DIRECTIVE” MEANS DIRECTIVE 2010/73/EU.

UNITED KINGDOM

THIS COMMUNICATION IS DIRECTED ONLY AT PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM OR (II) ARE INVESTMENT PROFESSIONALS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 OF THE UNITED KINGDOM AS AMENDED (THE “ORDER”) OR (III) ARE HIGH NET WORTH ENTITIES FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER OR (IV) SUCH OTHER PERSONS TO WHOM IT MAY LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THIS COMMUNICATION MUST NOT BE ACTED ON OR RELIED ON BY

PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

CANADA

THE BONDS MAY BE SOLD ONLY TO PURCHASERS PURCHASING, OR DEEMED TO BE PURCHASING, AS PRINCIPAL, THAT ARE ACCREDITED INVESTORS, AS DEFINED IN NATIONAL INSTRUMENT 45-106 *PROSPECTUS EXEMPTIONS* OR SUBSECTION 73.3(1) OF THE *SECURITIES ACT* (ONTARIO), AND ARE PERMITTED CLIENTS, AS DEFINED IN NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*. ANY RESALE OF THE BONDS MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS.

SECURITIES LEGISLATION IN CERTAIN PROVINCES OR TERRITORIES OF CANADA MAY PROVIDE A PURCHASER WITH REMEDIES FOR RESCISSION OR DAMAGES IF THIS SUPPLEMENTAL OFFICIAL STATEMENT OR THE ACCOMPANYING OFFICIAL STATEMENT (INCLUDING ANY AMENDMENT THERETO) CONTAINS A MISREPRESENTATION, PROVIDED THAT THE REMEDIES FOR RESCISSION OR DAMAGES ARE EXERCISED BY THE PURCHASER WITHIN THE TIME LIMIT PRESCRIBED BY THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY. THE PURCHASER SHOULD REFER TO ANY APPLICABLE PROVISIONS OF THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY FOR PARTICULARS OF THESE RIGHTS OR CONSULT WITH A LEGAL ADVISOR.

PURSUANT TO SECTION 3A.3 OF NATIONAL INSTRUMENT 33-105 *UNDERWRITING CONFLICTS* ("NI 33-105"), THE UNDERWRITERS ARE NOT REQUIRED TO COMPLY WITH THE DISCLOSURE REQUIREMENTS OF NI 33-105 REGARDING UNDERWRITER CONFLICTS OF INTEREST IN CONNECTION WITH THIS OFFERING.

JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE LAW OF JAPAN (THE "FINANCIAL INSTRUMENTS AND EXCHANGE LAW") AND ANY BONDS WILL NOT BE SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (WHICH TERM AS USED HEREIN MEANS ANY PERSON RESIDENT IN JAPAN, INCLUDING ANY CORPORATION OR OTHER ENTITY ORGANIZED UNDER THE LAWS OF JAPAN) OR TO OTHERS FOR RE-OFFERING OR RE-SALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO A RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FINANCIAL INSTRUMENTS AND EXCHANGE LAW AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

SINGAPORE

THIS SUPPLEMENTAL OFFICIAL STATEMENT AND THE ACCOMPANYING OFFICIAL STATEMENT HAVE NOT BEEN REGISTERED AS A PROSPECTUS WITH THE MONETARY AUTHORITY OF SINGAPORE. ACCORDINGLY, THIS SUPPLEMENTAL OFFICIAL STATEMENT AND THE ACCOMPANYING OFFICIAL STATEMENT, AND ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE BONDS MAY NOT BE CIRCULATED OR

DISTRIBUTED, NOR MAY THE BONDS BE OFFERED OR SOLD, OR BE MADE THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, WHETHER DIRECTLY OR INDIRECTLY, TO PERSONS IN SINGAPORE OTHER THAN: (I) TO AN INSTITUTIONAL INVESTOR UNDER SECTION 274 OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE (THE "SFA"); (II) TO A RELEVANT PERSON, OR ANY PERSON PURSUANT TO SECTION 275(1A), AND IN ACCORDANCE WITH THE CONDITIONS, SPECIFIED IN SECTION 275 OF THE SFA; OR (III) OTHERWISE PURSUANT TO, AND IN ACCORDANCE WITH THE CONDITIONS OF, ANY OTHER APPLICABLE PROVISION OF THE SFA.

WHERE THE BONDS ARE SUBSCRIBED OR PURCHASED UNDER SECTION 275 BY A RELEVANT PERSON WHICH IS:

(I) A CORPORATION (WHICH IS NOT AN ACCREDITED INVESTOR) THE SOLE BUSINESS OF WHICH IS TO HOLD INVESTMENTS AND THE ENTIRE SHARE CAPITAL OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS, EACH OF WHOM IS AN ACCREDITED INVESTOR; OR

(II) A TRUST (WHERE THE TRUSTEE IS NOT AN ACCREDITED INVESTOR) WHOSE SOLE PURPOSE IS TO HOLD INVESTMENTS AND EACH BENEFICIARY IS AN ACCREDITED INVESTOR, SHARES, DEBENTURES AND UNITS OF SHARES AND DEBENTURES OF THAT CORPORATION OR THE BENEFICIARIES' RIGHTS AND INTEREST IN THAT TRUST SHALL NOT BE TRANSFERABLE FOR SIX MONTHS AFTER THAT CORPORATION OR THAT TRUST HAS ACQUIRED THE BONDS UNDER SECTION 275 EXCEPT:

(A) TO AN INSTITUTIONAL INVESTOR UNDER SECTION 274 OF THE SFA OR TO A RELEVANT PERSON, OR TO ANY PERSON PURSUANT TO SECTION 275(1A), AND IN ACCORDANCE WITH THE CONDITIONS, SPECIFIED IN SECTION 275 OF THE SFA;

(B) WHERE NO CONSIDERATION IS GIVEN FOR THE TRANSFER; OR

(C) BY OPERATION OF LAW.

HONG KONG

THE BONDS MAY NOT BE OFFERED OR SOLD BY MEANS OF ANY DOCUMENT OTHER THAN (I) IN CIRCUMSTANCES WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES ORDINANCE (CAP.32, LAWS OF HONG KONG), OR (II) TO "PROFESSIONAL INVESTORS" WITHIN THE MEANING OF THE SECURITIES AND FUTURES ORDINANCE (CAP.571, LAWS OF HONG KONG) AND ANY RULES MADE THEREUNDER, OR (III) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS" WITHIN THE MEANING OF THE COMPANIES ORDINANCE (CAP.32, LAWS OF HONG KONG), AND NO ADVERSTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS MAY BE ISSUED OR MAY BE IN THE POSSESSION OF ANY PERSON FOR THE PURPOSE OF ISSUE (IN EACH CASE WHETHER HONG KONG OR ELSEWHERE), WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC IN HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" WITHIN THE MEANING OF THE SECURITIES AND FUTURES ORDINANCE (CAP.571, LAWS OF HONG KONG) AND ANY RULES MADE THEREUNDER.

SUMMARY OF THE OFFERING

Issuer:	The Ohio State University
Securities Offered:	$600,000,000 General Receipts Bonds (Multiyear Debt Issuance Program) Series 2016 A (Federally Taxable) consisting of $350,000,000 3.798% Term Bonds due December 1, 2046 and $250,000,000 4.048% Term Bonds due December 1, 2056
Priority of Pledge:	The Bonds are being issued as Senior Lien Obligations under the Indenture. See **SECURITY AND SOURCES OF PAYMENT** in the accompanying Official Statement.
Interest Accrual Date:	Interest will accrue from the Date of Issuance.
Interest Payment Dates:	June 1 and December 1, commencing June 1, 2016
Redemption:	The Bonds are subject to optional redemption at the Make-Whole Redemption Price as discussed more fully herein. See **DESCRIPTION OF THE SERIES 2016 A BONDS – Optional Redemption** herein.
Date of Issuance:	March 9, 2016
Authorized Denominations:	$1,000 and any integral multiples thereof
Form and Securities Depository:	The Bonds will be delivered solely in registered form under a global book-entry system through the facilities of DTC.
Use of Proceeds:	The Bonds are being issued for the purpose of paying a portion of the costs of the Project described herein and to pay costs of the issuance of the Bonds. See **THE PROJECT AND PLAN OF FINANCE** herein.
Ratings:*	**Moody's:** "Aa1" **S&P:** "AA" **Fitch:** "AA"

* Note: A securities rating is not a recommendation to buy, hold or sell securities, and may be subject to revision or withdrawal at any time.

$600,000,000
THE OHIO STATE UNIVERSITY
General Receipts Bonds
(Multiyear Debt Issuance Program)
Series 2016 A
(Federally Taxable)

INTRODUCTORY STATEMENT

This Supplemental Official Statement has been prepared by The Ohio State University (the "University"), a state university of the State of Ohio, in connection with the issuance and sale by the University of $600,000,000 in aggregate principal amount of its General Receipts Bonds (Multiyear Debt Issuance Program), Series 2016 A (Federally Taxable) (the "Series 2016 A Bonds"). The Series 2016 A Bonds are being issued as Senior Lien Obligations under the Indenture (defined below) for the purpose of paying costs of capital facilities and paying costs of the issuance of the Series 2016 A Bonds, all described under **THE PROJECT AND PLAN OF FINANCE** herein.

The Series 2016 A Bonds are being issued pursuant to Sections 3345.11 and 3345.12 of the Ohio Revised Code (the "Act"), the General Bond Resolution adopted by the Board on November 5, 1999 (the "1999 Bond Resolution") and the Multiyear Debt Issuance Program Bond Resolution (the "Program Resolution"), adopted by the Board of Trustees of the University (the "Board") on June 5, 2015, an Amended and Restated Trust Indenture (the "Amended and Restated Trust Indenture") dated as of December 1, 1999, as amended and supplemented to date, including by the Multiyear Debt Issuance Program Supplement to Amended and Restated Trust Indenture (the "Program Supplement"), dated as of March 1, 2016, both between the University and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee") and a Certificate of Award dated March 2, 2016 (the "Certificate of Award"). The Program Resolution, the Amended and Restated Trust Indenture and the Program Supplement are collectively referred to in this Supplemental Official Statement as the "Indenture." Capitalized terms used herein which are not defined herein shall have the meanings described in the Indenture.

The University has previously authorized and issued Obligations secured by the Indenture. The University expects to issue $30,875,000 of its General Receipts Bonds (Multiyear Debt Issuance Program) Series 2016 B (Tax Exempt) (the "Series 2016 B Bonds") on March 29, 2016. Upon issuance of the Series 2016 A Bonds and the Series 2016 B Bonds, there will be 21[1] series of General Receipts Bonds secured by the Indenture outstanding of which $2,973,495,000[1] in aggregate principal amount will be Senior Lien Obligations and $337,955,000 in aggregate principal amount will be subordinated Special Purpose General Receipts Obligations. See **GENERAL RECEIPTS OBLIGATIONS** in the accompanying Official Statement and **GENERAL RECEIPTS AND OUTSTANDING GENERAL RECEIPTS BONDS** herein.

This Supplemental Official Statement includes all Appendices hereto and the accompanying Official Statement, each of which are delivered herewith.

[1] The number of series outstanding and the aggregate principal amount of Senior Lien Obligations outstanding are reflected without giving effect to the expected redemption of all of the University's General Receipts Bonds, Series 2005 A which the University expects to redeem on April 4, 2016 with a combination of Series 2016 B Bond proceeds and contributions from the University.

THE PROJECT AND PLAN OF FINANCE

The Series 2016 A Bonds are being issued for the purpose of paying a portion of the costs of the Project described below and paying costs of the issuance of the Series 2016 A Bonds.

From time to time the University issues bonds, notes, and other obligations, such as the Series 2016 A Bonds secured by the pledge of its General Receipts to pay a portion of the costs of acquiring, constructing and installing University Facilities. Additional sources of funding for such purposes include gifts, donations, State appropriations and other funds of the University. See **APPENDIX A – GENERAL – Physical Plant** for a detailed description of the University's facilities.

The University Facilities to be financed with the proceeds of the Bonds (the "Project") constitute the continuation of an ongoing program of improvement to the capital plant of the University. The Project will consist of new construction and improvements, upgrades, renovations and repairs to several broad categories of facilities, including academic and research facilities, the Wexner Medical Center, student life facilities, athletic facilities, roads, grounds and other campus infrastructure. The responsibility of the University to maintain its General Receipts at a level sufficient to pay the Debt Service on the Bonds and any other Obligations is neither subject to nor conditioned by the completion of the Project or any portion thereof.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds with respect to the Bonds are summarized below:

Sources of Funds:	
Par Amount of Bonds	$600,000,000
Total Sources	$600,000,000
Uses of Funds:	
Facilities Fund	$595,036,106
Issuance Expenses[(1)]	4,963,894
Total Uses	$600,000,000

[(1)] To pay issuance expenses of the Bonds, including Underwriters' discount, legal fees, Trustee fees and miscellaneous costs.

DESCRIPTION OF THE SERIES 2016 A BONDS

Set forth below is a description of the specific terms of the Series 2016 A Bonds. This description supplements, and should be read together with, the description of the general terms of Senior Lien Obligations set forth in the accompanying Official Statement. The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying Official Statement.

General Terms

The Series 2016 A Bonds are being issued as fixed rate Senior Lien Obligations and will be dated as of the date of their issuance and delivery, as set forth in the cover page hereof. The Series 2016 A Bonds will bear interest at the rate set forth on the inside cover page hereof, payable semi-annually on June 1 and December 1, commencing on June 1, 2016, and will mature on the date and in the principal amount set forth on the inside cover page of this Supplemental Official Statement. The Series 2016 A Bonds are issuable as fully registered bonds in denominations of $1,000 and integral multiples thereof.

Interest on the Series 2016 A Bonds will be calculated based on a year of 360 days, consisting of twelve 30-day months.

The principal or Make-Whole Redemption Price is payable only to the registered owner, initially DTC or its nominee, at the designated corporate trust office of the Trustee. Except as otherwise provided in the agreement between DTC and the Trustee, interest will be paid on each June 1 and December 1 to the registered owner of a Series 2016 A Bond at the close of the 15th day of the calendar month next preceding that interest payment date (the "Regular Record Date") (i) by check or draft mailed to the registered owner at the owner's address as it appears on the registration books maintained by the Trustee, or (ii) by wire transfer to such account, if any, as requested by such registered owner of $1,000,000 or more in aggregate principal amount of the Series 2016 A Bonds, provided that notice of such request is given in writing by such owner to the Paying Agent not less than ten (10) days prior to an Interest Payment Date for which such notice shall be effective, such notice continuing in effect as to subsequent Interest Payment Dates until such time as an owner in writing notifies the Paying Agent to the contrary or until such time as such owner ceases to be an owner of the requisite principal amount of Series 2016 A Bonds. The Series 2016 A Bonds are not subject to optional or mandatory tender by the holders thereof prior to their maturity.

Optional Redemption

The Series 2016 A Bonds shall be subject to redemption at the option of the University, in whole or in part, on any Business Day at the "Make-Whole Redemption Price," which is the greater of: (A) the sum of (i) 100% of the principal amount of the Series 2016 A Bonds to be redeemed on such Business Day (each a "redemption date") plus (ii) accrued and unpaid interest on the Series 2016 A Bonds to but excluding the redemption date, or (B) the sum of (i) the present value of the remaining scheduled payments of principal of and interest on any of the Series 2016 A Bonds to be redeemed, excluding the portion of any such interest accrued to but excluding the redemption date, discounted to the redemption date on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (hereinafter defined) plus, in the case of the Series 2016 A Bonds maturing on December 1, 2046, 20 basis points, and in the case of the Series 2016 A Bonds maturing on December 1, 2056, 25 basis points, plus in each case (ii) accrued and unpaid interest on the Series 2016 A Bonds to but excluding the redemption date. For purposes of this paragraph, the following definitions shall apply:

"Business Day" means a day of the year, other than a Saturday or Sunday, on which banks located in the city in which the designated corporate trust office of the Trustee is located are not required or authorized to remain closed.

"Comparable Treasury Issue" means the United States Treasury security selected by a Designated Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the applicable Series 2016 A Bonds to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Series 2016 A Bonds.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for the date fixed for redemption, or (2) if the Designated Investment Banker obtains only one Reference Treasury Dealer Quotation, such Reference Treasury Dealer Quotation.

"Designated Investment Banker" means one of the Reference Treasury Dealers appointed by the University.

"Primary Treasury Dealer" means any primary U.S. Government securities dealer in the United States.

"Reference Treasury Dealer" means each of Barclays Capital Inc. and RBC Capital Markets, LLC, or their respective affiliates which are Primary Treasury Dealers, and their respective successors; *provided* that if Barclays Capital Inc. and RBC Capital Markets, LLC or their respective affiliates or successors shall cease to be a Primary Treasury Dealer, the University shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the applicable Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m. New York time on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the applicable Comparable Treasury Issue, assuming a price for such Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to such Comparable Treasury Price for such redemption date.

Selection of Series 2016 A Bonds to be Redeemed

If the Series 2016 A Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the Series 2016 A Bonds, if less than all of the Series 2016 A Bonds of a maturity are called for prior redemption, the particular Series 2016 A Bonds or portions thereof to be redeemed shall be selected on a pro-rata pass-through distribution of principal basis in accordance with DTC procedures; provided that, so long as the Series 2016 A Bonds are held in book-entry form, the selection for redemption of such Series 2016 A Bonds shall be made in accordance with the operational arrangements of DTC then in effect.

It is the University's intent that redemption allocations made by DTC be made on a pro rata pass-through distribution of principal basis as described above. However, neither the University nor the Underwriters can provide any assurance that DTC, DTC's Direct Participants and Indirect Participants or any other intermediary will allocate the redemption of Series 2016 A Bonds on such basis. If the DTC operational arrangements do not allow for the redemption of the Series 2016 A Bonds on a pro rata pass-through distribution of principal basis as discussed above, then the Series 2016 A Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

If DTC or its nominee or a successor securities depository is no longer the sole registered owner of the Series 2016 A Bonds, if less than all of the Series 2016 A Bonds are called for redemption, the Trustee will select the Series 2016 A Bonds to be redeemed on a pro rata basis.

Notice of Redemption; Effect

The Trustee is to cause notice of the call for redemption, identifying the Series 2016 A Bonds or portions of Series 2016 A Bonds to be redeemed, to be sent by first class mail, at least 30 days prior to the redemption date, to the registered owner (initially, DTC) of each Series 2016 A Bond to be redeemed at the address shown on the Register. Any defect in the notice or any failure to receive notice by mailing will not affect the validity of any proceedings for the redemption of any Series 2016 A Bonds.

On the date designated for redemption, Series 2016 A Bonds or portions of Series 2016 A Bonds called for redemption shall become due and payable. If the Trustee holds sufficient moneys for payment of debt service payable on that redemption date, interest on each Series 2016 A Bond (or portion of a Bond) so called for redemption will cease to accrue on that date.

So long as all Series 2016 A Bonds are held under a book entry system by a securities depository (such as DTC), call notice is sent by the Trustee only to the depository or its nominee. Selection of book entry interests in the Series 2016 A Bonds called, and giving notice of the call to the owners of those interests called, is the sole responsibility of the depository and of its Participants and Indirect Participants. Any failure of the depository to advise any Participant, or of any Participant or any Indirect Participant to notify the book entry interest owners, of any such notice and in its content or effect will not affect the validity of any proceedings for the redemption of any Series 2016 A Bonds or portions of Series 2016 A Bonds. See **APPENDIX C – BOOK-ENTRY-ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES**.

GENERAL RECEIPTS AND OUTSTANDING GENERAL RECEIPTS BONDS

The University has issued from time to time Senior Lien Obligations consisting of bonds secured by the pledge of its General Receipts and Special Purpose General Receipts Obligations consisting of bonds secured solely by Special Purpose Pledged Revenue. See **GENERAL RECEIPTS OBLIGATIONS** and **SECURITY AND SOURCES OF PAYMENT** in the accompanying Official Statement. The University has never failed to pay punctually and in full all amounts due on any indebtedness.

General Receipts of the University

General Receipts pledged to the security of the Bonds include virtually all the receipts of the University, excepting only receipts expressly excluded by the Indenture. Among receipts expressly excluded are State appropriations and any grants, gifts, donations and pledges, and receipts therefrom, which under restrictions imposed in the grant or promise or as a condition of the receipt are not available for payment of Debt Service Charges. See **GENERAL RECEIPTS OBLIGATIONS** and **SECURITY AND SOURCES OF PAYMENT** in the accompanying Official Statement for a more detailed description of the University's General Receipts.

General Receipts for the five most recent Fiscal Years were as follows:

General Receipts of the University
(dollars in thousands)

	2011	2012	2013	2014	2015
Tuition, Fees and Other Student Charges	$870,021	$930,482	$970,997	$979,751	$1,021,995
Unrestricted Government Grants & Contracts	78,706	77,627	75,522	75,823	76,201
Private Gifts and Grants	23,182	22,481	24,967	40,009	32,985
Unrestricted Endowment Income	11,104	10,628	11,868	16,051	15,332
Dept. & University Sales & Services	121,773	111,983	135,900	146,365	152,328
Auxiliary Sales & Services	250,636	250,247	248,704	258,953	294,586
Hospital Sales & Services	1,791,207	1,927,064	2,033,381	2,141,365	2,368,952
Other Sources	56,350	54,161	49,815	50,911	32,156
Total General Receipts	$3,202,979	$3,384,673	$3,551,155	$3,709,228	$3,994,536

Outstanding General Receipts Bonds

The University's General Receipts Bonds (including Senior Lien Obligations and Special Purpose General Receipts Obligations), upon the issuance of the Series 2016 A Bonds and the Series 2016 B Bonds, will consist of the following:

General Receipts Bonds	Original Amount	Amount Outstanding
Series 1997 Bonds	$ 79,540,000	$ 17,160,000
Series 1999 B1 Bonds	83,400,000	10,765,000
Series 2001 Bonds	76,950,000	53,035,000
Series 2003 C Bonds	121,295,000	51,975,000
Series 2005 A Bonds(1)	279,050,000	36,040,000
Series 2005 B Bonds	129,990,000	71,575,000
Series 2008 A Bonds	217,595,000	110,330,000
Series 2008 B Bonds	127,770,000	91,925,000
Series 2010 A Bonds	241,170,000	117,190,000
Series 2010 C Bonds	654,785,000	654,785,000
Series 2010 D Bonds	88,335,000	84,625,000
Series 2010 E Bonds	150,000,000	150,000,000
Series 2011 A Bonds	500,000,000	500,000,000
Series 2012 A Bonds	91,165,000	90,500,000
Series 2012 B Bonds	23,170,000	18,920,000
Series 2013 A Bonds(2)	337,955,000	337,955,000
Series 2014 A Bonds	135,985,000	133,795,000
Series 2014 B-1 Bonds	75,000,000	75,000,000
Series 2014 B-2 Bonds	75,000,000	75,000,000
Series 2016 A Bonds	600,000,000	600,000,000
Series 2016 B Bonds	30,875,000	30,875,000
Total:	$4,119,030,000	$3,311,450,000

(1) All of the Series 2005 A Bonds are expected to be redeemed on April 4, 2016 with a combination of Series 2016 B Bond proceeds and contributions from the University.
(2) The Series 2013 A Bonds are currently the only outstanding series of Special Purpose General Receipts Obligations issued under the Indenture.

Annual Debt Service Charges and Coverage on Both Senior Lien Obligations and Special Purpose General Receipts Obligations

The following table represents the annual estimated Fiscal Year Debt Service Charges for all outstanding Obligations (including the Series 2016 A Bonds, the 2016 B Bonds and all outstanding Senior Lien Obligations and Special Purpose General Receipts Obligations but excluding commercial paper notes, certificates of participation, other debt not issued under the Indenture and obligations defeased under the Indenture) upon the issuance of the Series 2016 A Bonds and the Series 2016 B Bonds.

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Estimated Debt Service Charges on all Senior Lien Obligations and Special Purpose General Receipts Obligations

Fiscal Year	Outstanding Senior Lien Obligations Debt Service [1, 2, 3]	Outstanding Special Purpose General Receipts Bonds Debt Service	Series 2016 A Principal	Series 2016 A Interest	Series 2016 A Total Debt Service	Series 2016 B Total Debt Service	Total Debt Service[1, 2, 4, 5]
2016	$143,949,158	$14,879,450	$ -	$ 5,332,961	$ 5,332,961	$2,571,826	$166,733,395
2017	142,931,293	14,879,450	-	23,413,000	23,413,000	3,897,650	185,121,393
2018	141,704,775	14,879,450	-	23,413,000	23,413,000	3,889,350	183,886,575
2019	138,930,059	14,879,450	-	23,413,000	23,413,000	3,892,150	181,114,659
2020	139,608,299	14,879,450	-	23,413,000	23,413,000	3,892,650	181,793,399
2021	135,306,966	14,879,450	-	23,413,000	23,413,000	2,221,150	175,820,566
2022	135,868,281	14,879,450	-	23,413,000	23,413,000	2,210,900	176,371,631
2023	133,533,736	25,074,450	-	23,413,000	23,413,000	2,222,650	184,243,836
2024	124,415,163	25,074,700	-	23,413,000	23,413,000	2,215,150	175,118,013
2025	121,918,534	25,074,450	-	23,413,000	23,413,000	2,219,150	172,625,134
2026	105,643,228	25,072,450	-	23,413,000	23,413,000	2,213,900	156,342,578
2027	105,788,050	25,073,450	-	23,413,000	23,413,000	2,214,650	156,489,150
2028	105,924,711	25,073,800	-	23,413,000	23,413,000	2,210,900	156,622,411
2029	103,777,053	25,072,800	-	23,413,000	23,413,000	2,221,950	154,484,803
2030	158,410,509	25,072,000	-	23,413,000	23,413,000	2,215,200	209,110,709
2031	77,273,298	25,075,200	-	23,413,000	23,413,000	-	125,761,498
2032	76,617,770	25,071,400	-	23,413,000	23,413,000	-	125,102,170
2033	64,393,150	25,075,000	-	23,413,000	23,413,000	-	112,881,150
2034	60,239,682	25,074,800	-	23,413,000	23,413,000	-	108,727,482
2035	184,557,232	25,070,850	-	23,413,000	23,413,000	-	233,041,082
2036	56,610,507	25,071,100	-	23,413,000	23,413,000	-	105,094,607
2037	56,610,632	25,073,625	-	23,413,000	23,413,000	-	105,097,257
2038	56,611,632	25,071,425	-	23,413,000	23,413,000	-	105,096,057
2039	56,612,757	25,073,800	-	23,413,000	23,413,000	-	105,099,557
2040	760,710,757	25,072,450	-	23,413,000	23,413,000	-	809,196,207
2041	33,574,600	25,075,050	-	23,413,000	23,413,000	-	82,062,650
2042	33,575,000	25,070,850	-	23,413,000	23,413,000	-	82,058,850
2043	33,574,000	25,073,250	-	23,413,000	23,413,000	-	82,060,250
2044	33,576,100	-	-	23,413,000	23,413,000	-	56,989,100
2045	82,888,300	-	-	23,413,000	23,413,000	-	106,301,300
2046	24,000,000	-	-	23,413,000	23,413,000	-	47,413,000
2047	24,000,000	-	350,000,000	16,766,500	366,766,500	-	390,766,500
2048	24,000,000	-	-	10,120,000	10,120,000	-	34,120,000
2049	24,000,000	-	-	10,120,000	10,120,000	-	34,120,000
2050	24,000,000	-	-	10,120,000	10,120,000	-	34,120,000
2051	24,000,000	-	-	10,120,000	10,120,000	-	34,120,000
2052	24,000,000	-	-	10,120,000	10,120,000	-	34,120,000
2053	24,000,000	-	-	10,120,000	10,120,000	-	34,120,000
2054	24,000,000	-	-	10,120,000	10,120,000	-	34,120,000
2055	24,000,000	-	-	10,120,000	10,120,000	-	34,120,000
2056	24,000,000	-	-	10,120,000	10,120,000	-	34,120,000
2057	24,000,000	-	250,000,000	5,060,000	255,060,000	-	279,060,000
2058-2110[4]	24,000,000	-	-	-	-	-	24,000,000
2111	524,000,000	-	-	-	-	-	524,000,000
Total[5]	**$5,689,135,233**	**$630,693,050**	**$600,000,000**	**$820,629,461**	**$1,420,629,461**	**$40,309,226**	**$7,780,766,970**

Notes:
[1] Assumes a rate of 2.75% for the variable rate obligations of the University.
[2] Net of federal subsidy payments (32.62% of interest) with respect to Build America Bonds issued by the University.
[3] Excludes debt service on the University's General Recepts Bonds, Series 2005 A after the expected redemption date of April 4, 2016.
[4] Debt service on the Senior Lien Obligations beginning in Fiscal Year 2058 and ending in Fiscal Year 2110 is $24,000,000 per year and the aggregate debt service over the period is $1,272,000,000.
[5] Interest and total amounts may vary slightly from actual amounts payable due to rounding variances.

The maximum annual Debt Service Charges on the outstanding Obligations, including the Series 2016 A Bonds and the Series 2016 B Bonds (assuming the assumptions stated in the above table), are $809,196,207 in Fiscal Year 2040. Prior to Fiscal Year 2040, the maximum annual Debt Service Charges on outstanding Obligations are $233,041,082 in Fiscal Year 2035. The University's General Receipts for Fiscal Year 2015, $3,994,536,000, are over 4.93 times the maximum annual Debt Service Charges in Fiscal Year 2040, and for the period prior to Fiscal Year 2040, over 17.14 times the maximum annual Debt Service Charges in Fiscal Year 2035. See **OUTSTANDING GENERAL RECEIPTS BONDS** above and **SECURITY AND SOURCES OF PAYMENT** in the accompanying Official Statement.

The University is not aware of any factors that would result in the amounts of General Receipts in any future Fiscal Year being significantly less than those for Fiscal Year 2015.

CERTAIN U.S. FEDERAL TAX CONSIDERATIONS

General

The following description summarizes certain U.S. federal tax considerations generally applicable to holders of the Series 2016 A Bonds. The discussion below is based upon current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), current final, temporary and proposed Treasury regulations, judicial authority and current administrative rulings and pronouncements of the Internal Revenue Service (the "IRS"). There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS has been, or is expected to be, sought on the issues discussed herein. Legislative, judicial, or administrative changes or interpretations may occur that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may or may not be retroactive and could affect the tax consequences discussed below.

The summary is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, particular holders of Series 2016 A Bonds and does not address U.S. federal gift or (for U.S. Holders) estate tax consequences or alternative minimum, foreign, state, local or other tax consequences. This summary does not purport to address special classes of taxpayers (such as S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the United States, broker-dealers, traders in securities and tax-exempt organizations) that are subject to special treatment under the U.S. federal income tax laws, or persons that hold Series 2016 A Bonds that are a hedge against, or that are hedged against, currency risk or that are part of a hedge, straddle, conversion or other integrated transaction, or persons whose functional currency is not the U.S. dollar. This summary also does not address any tax consequences to an owner of Series 2016 A Bonds held through a partnership or other pass-through entity treated as a partnership for U.S. federal income tax purposes. In addition, this discussion is limited to persons purchasing the Series 2016 A Bonds for cash in this offering at their "issue price" within the meaning of Section 1273 of the Code (i.e., the first price at which a substantial amount of Series 2016 A Bonds are sold to the public for cash and without any material discount), and it does not address any tax consequences to holders that purchase the Series 2016 A Bonds after their original issuance. This discussion assumes that the Series 2016 A Bonds will be held as capital assets within the meaning of section 1221 of the Code.

As used herein, the term "U.S. Holder" means a beneficial owner of Series 2016 A Bonds that is (i) an individual citizen or resident of the United States for U.S. federal income tax purposes, (ii) a corporation (or other entity classified as a corporation for U.S. federal tax purposes) created or organized in or under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or (iv) a trust if (a) a U.S. court can exercise primary supervision over the administration of such trust and one or more United States persons (within the meaning of the Code) has the authority to control all of the substantial decisions of such trust or (b) the trust has made a valid election under applicable Treasury regulations to be treated as a United States person (within the meaning of the Code). As used herein, the term "Non-U.S. Holder" means a beneficial owner of Series 2016 A Bonds that is not a U.S. Holder, a partnership or other pass-through entity.

BECAUSE INDIVIDUAL CIRCUMSTANCES MAY DIFFER, PROSPECTIVE HOLDERS OF THE SERIES 2016 A BONDS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR TAX SITUATIONS AND AS TO ANY FEDERAL, FOREIGN, STATE, LOCAL, OR OTHER TAX CONSIDERATIONS (INCLUDING ANY POSSIBLE CHANGES IN TAX LAW) AFFECTING THE PURCHASE, HOLDING AND DISPOSITION OF THE SERIES 2016 A BONDS.

In the opinion of Bricker & Eckler LLP, bond counsel to the University, interest on, and gain recognized from the sale, exchange or other disposition of, the Series 2016 A Bonds are (i) included in gross income for U.S. federal income tax purposes pursuant to the Code and (ii) exempt from taxes levied by the State of Ohio and its political subdivisions. For purposes of the preceding sentence, "taxes" means any direct or indirect taxes, including income, ad valorem, transfer, and excise taxes and the corporate franchise tax measured by net income of a corporation, but "taxes" does not mean or include: (i) the corporate franchise tax measured by net worth of a corporation; (ii) the estate tax; (iii) the taxes levied on insurance companies and dealers in intangibles pursuant to Chapter 5725 of the Ohio Revised Code; and (iv) the tax on shares of and capital employed by dealers in intangibles pursuant to Section 5707.03 of the Ohio Revised Code. Bond counsel will express no opinion and make no representation regarding other federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the sale, exchange or disposition of, the Series 2016 A Bonds.

Certain U.S. Federal Income Tax Consequences to U.S. Holders

This section describes certain U.S. federal income tax consequences to U.S. Holders in effect as of the date hereof. Non-U.S. Holders should see the discussion under the heading "—Certain U.S. Federal Income and Estate Tax Consequences to Non-U.S. Holders" below for a discussion of certain tax consequences applicable to them.

Interest. It is expected that the Series 2016 A Bonds will not be treated as issued with original issue discount ("OID") for U.S. federal income tax purposes because the stated Make-Whole Redemption Price at maturity of the Series 2016 A Bonds will not exceed their issue price, or because any such excess should only be a de minimis amount (as determined for tax purposes). *De minimis* OID is included in the income of a U.S. Holder as stated principal payments are made, and is treated as an amount received in retirement of a Series 2016 A Bond.

Because the Series 2016 A Bonds are not expected to be issued with more than a *de minimis* amount of OID, interest on the Series 2016 A Bonds will generally be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes. This discussion assumes that the Series 2016 A Bonds are issued with no more than a *de minimis* amount of OID. If, however, the Series 2016 A Bonds are issued with OID, *i.e.* at a discount that exceeds the *de minimis* rule, you will be required to include the difference in income as OID as it accrues in accordance with a constant yield method. The rules regarding OID are complex and U.S. Holders should consult their own tax advisors regarding the application of those rules.

Premium. A U.S. Holder that purchases a Series 2016 A Bond at a cost greater than the Series 2016 A Bond's remaining redemption amount will be considered to have purchased the Series 2016 A Bond at a premium, and may elect to amortize the premium as an offset to interest income, using a constant-yield method, over the remaining term of the Series 2016 A Bond. If the Series 2016 A Bond is redeemable prior to maturity, the amount of amortizable premium is determined with reference either to the amount payable on maturity or, if it results in a smaller premium attributable to the earlier redemption period, with reference to the amount payable on the earlier redemption date. If a U.S. Holder makes the election to amortize the premium, it generally will apply to all debt instruments held by such U.S. Holder at the time of the election, as well as any debt instruments that are subsequently acquired by such U.S. Holder. In addition, a U.S. Holder may not revoke the election without the consent of the Internal Revenue Service. If such U.S. Holder elects to amortize the premium, such U.S. Holder will be required to reduce its tax basis in the Series 2016 A Bond by the amount of the premium amortized during the holding period of the U.S. Holder. If such U.S. Holder does not elect to amortize premium, the amount of premium will be included in its tax basis in the Series 2016 A Bond. Therefore, if a U.S. Holder does not elect to amortize premium and holds the Series 2016 A Bond to maturity, such U.S. Holder generally will be required to treat the premium as capital loss when the Series 2016 A Bond matures.

Disposition of the Series 2016 A Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption (including pursuant to an offer by the University) or other disposition of a Series 2016 A Bond, will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of Series 2016 A Bonds will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series 2016 A Bonds which will be taxed in the manner described above under "Interest") and (ii) the U.S. Holder's adjusted tax basis in the Series 2016 A Bonds (see discussion of tax basis below).

Tax Basis. Initially, the tax basis of a U.S. Holder in a Series 2016 A Bond generally will equal the amount paid (including premium) for the Series 2016 A Bond by such U.S. Holder. Subsequently, the basis will decrease by the amount of any amortized premium and any payments received other than for interest made on the Series 2016 A Bond.

Retirement, Sale or Exchange of Series 2016 A Bonds. When a Series 2016 A Bond is sold, exchanged or redeemed, or if a Series 2016 A Bond is retired, the U.S. Holder of such Series 2016 A Bond generally will recognize gain or loss equal to the difference between the amount it realized on the transaction (less any accrued and unpaid qualified stated interest, which will be subject to tax in the manner described above) and its tax basis in the Series 2016 A Bond.

Nature of Gain or Loss on Sale, Exchange or Retirement of Series 2016 A Bonds. The gain or loss that a U.S. Holder recognizes on the sale, exchange, redemption or retirement of a Series 2016 A Bond generally will be capital gain or loss. The gain or loss on the sale, exchange, redemption or retirement of a Series 2016 A Bond will be long-term capital gain or loss if the U.S. Holder has held the Series 2016 A Bond for more than one year on the date of disposition. Net long-term capital gain recognized by an individual U.S. holder generally will be subject to tax at a lower rate than net short-term capital gain or ordinary income. The ability of U.S. holders to offset capital losses against ordinary income is limited.

Information Reporting and Backup Withholding. The University or its paying agent, if any (the "payor") must report annually to the IRS and to each U.S. Holder any interest that is payable to the U.S. holder, subject to certain exceptions. Under section 3406 of the Code and applicable Treasury Regulations, a non-corporate U.S. Holder of the Series 2016 A Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2016 A Bonds and the gross proceeds of a sale, exchange, redemption or retirement of the Series 2016 A Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in section 3406(c) of the Code or (iv) there has been a failure of the payee to certify under penalty of perjury that the payee is not subject to withholding under section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules do not constitute an additional tax and will be credited against the U.S. Holder's federal income tax liabilities (and possibly result in a refund), so long as the required information is timely provided to the IRS.

Medicare Tax. Certain U.S. Holders that are individuals, estates or trusts will be subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest income and net gains from the disposition of the Series 2016 A Bonds. Each U.S. Holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of the Medicare tax to its income and gains in respect of its investment in the Series 2016 A Bonds.

Certain U.S. Federal Income and Estate Tax Consequences to Non-U.S. Holders

This section describes certain U.S. federal income and estate tax consequences to Non-U.S. Holders.

Interest. As discussed above, it is anticipated, and this discussion assumes, that the Series 2016 A Bonds will not be issued with OID for U.S. federal income tax purposes. Subject to the discussion below under "*—Information Reporting and Backup Withholding*" and "*—Foreign Account Tax Compliance Act*," because the University is the issuer of the Series 2016 A Bonds under the Code (and has no shareholders), interest on any Series 2016 A Bond whose beneficial owner is a Non-U.S. Holder is generally not subject to United States income tax or withholding tax (including backup withholding), unless the income is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States, provided that such Non-U.S. Holder satisfies certain certification requirements. Such certification requirements will be met if (x) the Non-U.S. Holder provides its name and address, and certifies on an IRS Form W-8BEN or W-8BEN-E (or a substantially similar form), under penalties of perjury, that it is not a United States person or (y) a securities clearing organization or certain other financial institutions holding the Series 2016 A Bonds on behalf of the Non-U.S. Holder certifies on IRS Form W-8IMY, under penalties of perjury, that such certification has been received by it and furnishes us or our paying agent with a copy thereof. In addition, we or our paying agent must not have actual knowledge or reason to know that the beneficial owner of the Series 2016 A Bonds is a United States person.

If, however, the Non-U.S. Holder conducts a trade or business in the United States and the interest on the Series 2016 A Bonds held by the Non-U.S. Holder is effectively connected with such trade or business, that interest will be subject to United States income tax (in which case the U.S. branch profits tax may also apply) but will generally not be subject to United States withholding tax (including backup withholding) so long as the Non-U.S. Holder provides us or our paying agent with the appropriate documentation (generally and IRS Form W-8ECI).

Non-U.S. Holders should consult their tax advisors concerning certification requirements and about any applicable income tax treaties, which may provide for an exemption from or a lower rate of withholding tax, exemption from or reduction of branch profits tax, or other rules different from those described above.

Disposition of the Series 2016 A Bonds. Subject to the discussion below under "*—Information Reporting and Backup Withholding*" and "*—Foreign Account Tax Compliance Act*," a Non-U.S. Holder will generally not be subject to U.S. federal income tax or withholding tax on gain recognized on a sale, exchange, redemption or other disposition of a Series 2016 A Bond. (Such gain does not include proceeds attributable to accrued but unpaid interest on the Series 2016 A Bonds, which will be treated as interest). A Non-U.S. Holder may, however, be subject to U.S. federal income tax on such gain if: (1) the Non-U.S. Holder is a nonresident alien individual who was present in the United States for 183 days or more in the taxable year of the disposition; or (2) the gain is effectively connected with the conduct of a

U.S. trade or business, as provided by applicable U.S. tax rules (in which case the U.S. branch profits tax may also apply), unless an applicable tax treaty provides otherwise.

Information Reporting and Backup Withholding. The payor must report annually to the IRS and to each Non-U.S. Holder any interest that is subject to U.S. withholding taxes or that is exempt from U.S. withholding taxes pursuant to an income tax treaty or certain provisions of the Code. Copies of these information returns may also be made available under the provisions of a specific tax treaty or agreement with the tax authorities of the country in which the Non-U.S. Holder resides.

A Non-U.S. Holder generally will not be subject to backup withholding with respect to payments of interest on the Series 2016 A Bonds as long as the Non-U.S. Holder (i) has furnished to the payor a valid IRS Form W-8BEN or Form W-8BEN-E (or a successor form) certifying, under penalties of perjury, its status as a non-U.S. person, (ii) has furnished to the payor other documentation upon which it may rely to treat the payments as made to a non-U.S. person in accordance with Treasury regulations, or (iii) otherwise establishes an exemption. A Non-U.S. Holder may be subject to information reporting and/or backup withholding on a sale of the Series 2016 A Bonds through the United States office of a broker and may be subject to information reporting (but generally not backup withholding) on a sale of the Series 2016 A Bonds through a foreign office of a broker that has certain connections to the United States, unless the Non-U.S. Holder provides the certification described above or otherwise establishes an exemption. Non-U.S. Holders should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedure for obtaining such an exemption.

Amounts withheld under the backup withholding rules may be refunded or credited against the Non-U.S. Holder's U.S. federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

Foreign Account Tax Compliance Act. Under the Foreign Account Tax Compliance Act provisions of the Code and related IRS guidance ("FATCA"), a U.S. federal withholding tax of 30% will be imposed on certain payments (which currently include interest payments on the Series 2016 A Bonds and will include gross proceeds, including the return of principal at maturity, from the sale or other disposition, including redemptions, of the Series 2016 A Bonds beginning January 1, 2019) made to a non-United States entity that fails to take required steps to provide information regarding its "United States accounts" or its direct or indirect "substantial United States owners," as applicable, or to make a required certification that it has no such accounts or owners. We will not be obligated to make any "gross up" or additional payments in respect of amounts withheld on the Series 2016 A Bonds if we determine that we must so withhold in order to comply with FATCA in respect of the amounts described above. Prospective investors should consult their own tax advisors regarding FATCA and whether it may be relevant to the ownership and disposition of the Series 2016 A Bonds.

U.S. Federal Estate Tax. A Series 2016 A Bond held or beneficially owned by an individual who, for U.S. federal estate tax purposes, is not a citizen or resident of the United States at the time of death will not be includable in the decedent's gross estate for U.S. estate tax purposes, unless (1) at the time of such individual's death, payments in respect of the Series 2016 A Bonds would have been effectively connected with the conduct by such individual of a U.S. trade or business, or (2) the Non-U.S. Holder is an individual who ceased being a U.S. citizen or long-term resident of the United States but to whom section 877 of the Code applies. In addition, the U.S. estate tax may not apply with respect to such Series 2016 A Bond under the terms of an applicable estate tax treaty.

THE FOREGOING SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF Series 2016 A BONDS IN LIGHT OF THE HOLDER'S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO ANY TAX

CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF Series 2016 A BONDS, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

BENEFIT PLANS AND ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to Title I of ERISA and on entities that are deemed to hold the assets of such plans ("ERISA Plans"). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein ("Qualified Retirement Plans"), and on Individual Retirement Accounts ("IRAs") described in Section 408(b) of the Code (collectively, "Tax-Favored Plans"). The following description is a summary of certain considerations associated with the acquisition and holding of the Series 2016 A Bonds by or on behalf of ERISA Plans and Tax Favored Plans based on current provisions of ERISA and the Code (and the related regulations and administrative and judicial interpretations). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA), foreign plans, and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements. Additionally, such governmental, foreign and non-electing church plans are not subject to the requirements of Section 4975 of the Code. Accordingly, assets of such plans may be invested in the Series 2016 A Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of applicable federal, state and other law that may be similar to the provisions of ERISA and the Code.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "Benefit Plans") and persons who have certain specified relationships to the Benefit Plans ("Parties In Interest" or "Disqualified Persons"), unless a statutory or administrative exemption is available. The definitions of "Party in Interest" and "Disqualified Person" are expansive. While other entities may be encompassed by these definitions, they include, most notably: (i) a fiduciary with respect to a plan; (2) a person providing services to a plan; and (3) an employer or employee organization any of whose employees or members are covered by the plan. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available.

Further, the acquisition or holding of Series 2016 A Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the University or the Issuing and Paying Agent, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the direct or indirect extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Series 2016 A Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Series 2016 A Bond. Included among these exemptions are: Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transactions effected by certain "in-house asset managers"; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE

95-60, regarding transactions effected by "insurance company general accounts"; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by "qualified professional asset managers." Further, the statutory exemption in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provides for an exemption for transactions involving "adequate consideration" with persons who are Parties in Interest or Disqualified Persons solely by reason of their (or their affiliate's) status as a service provider to the Benefit Plan involved and none of which is a fiduciary with respect to the Benefit Plan assets involved (or an affiliate of such a fiduciary). There can be no assurance that any class or other exemption will be available with respect to any particular transaction involving the Series 2016 A Bonds, or that, if available, the exemption would cover all possible prohibited transactions.

Any ERISA Plan fiduciary or any other person considering whether to purchase the Series 2016 A Bonds on behalf of a Benefit Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code, the applicability of any similar state, federal or other law to the purchase and holding of the Series 2016 A Bonds and the availability of any of the exemptions referred to above.

The sale of the Series 2016 A Bonds shall not be deemed a representation by the University or the Underwriters that this investment meets all relevant legal requirements with respect to Benefit Plans generally or any particular plan.

TRANSCRIPT AND CLOSING DOCUMENTS

A complete transcript of proceedings and a certificate (described under **LITIGATION**) relating to litigation will be delivered by the University when the Series 2016 A Bonds are delivered by the University to the Underwriters. The University at that time will also provide to the Underwriters a certificate, signed by the University officials who sign this Supplemental Official Statement and addressed to the Underwriters, relating to the accuracy and completeness of this Supplemental Official Statement and the accompanying Official Statement and to it being a "final official statement" in the judgment of the University for purposes of paragraph (f)(3) of Rule 15c2-12 under the Exchange Act of 1934, as amended.

LEGAL MATTERS

Legal matters incident to the validity of the Series 2016 A Bonds and certain other matters regarding the Series 2016 A Bonds are subject to the legal opinion of Bricker & Eckler LLP, bond counsel to the University. Certain legal matters will be passed upon for the University by its statutory counsel, the Attorney General of the State of Ohio, through Christopher Culley, Assistant Attorney General and General Counsel for the University, and by Tucker Ellis LLP. Tucker Ellis LLP serves as issuer counsel to the University in connection with the issuance and sale of the Series 2016 A Bonds. In addition, certain other legal matters will be passed upon for the Underwriters by their counsel, Hunton & Williams LLP.

LITIGATION

There is no litigation or administrative action or proceeding pending or threatened to restrain or enjoin, or seeking to restrain or enjoin, the issuance and delivery of the Series 2016 A Bonds or to question the proceedings and authority under which the Series 2016 A Bonds are authorized and are to be issued, sold executed or delivered, or the validity of the Series 2016 A Bonds. A no-litigation certificate to such effect will be delivered by the University at the time of issuance and delivery of the Series 2016 A Bonds.

The University is a party to various legal proceedings seeking damages or injunctive relief and generally incidental to its operations but unrelated to the Series 2016 A Bonds. The ultimate disposition of such proceedings is not presently determinable, but will not, in the opinion of appropriate University officials, have a material adverse effect on the Series 2016 A Bonds or the security for the Series 2016 A Bonds.

INDEPENDENT ACCOUNTANTS

The financial statements of the University as of June 30, 2015 and 2014 and for the years then ended, included in this Supplemental Official Statement as **APPENDIX B**, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report, appearing in **APPENDIX B**.

Any preliminary December 31, 2015 results of the University and forward looking information with respect to the University included in this Supplemental Official Statement have been prepared by, and are the responsibility of, the University's management. PricewaterhouseCoopers LLP has not performed an audit, review, or compilation with respect to the preliminary December 31, 2015 results. PricewaterhouseCoopers LLP has neither examined, compiled, nor performed any procedures with respect to any forward looking information contained in **APPENDIX A**. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect to any preliminary December 31, 2015 results or forward looking information contained in **APPENDIX A**.

RATINGS

Moody's Investors Service, Inc., Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. and Fitch Ratings have assigned the Series 2016 A Bonds ratings of "Aa1", "AA" and "AA", respectively. No application for a rating has been made by the University to any other rating service.

The ratings reflect only the respective views of the rating services and any explanation of the meaning or significance of the ratings may only be obtained from the respective rating service. The ratings are not recommendations to buy, sell or hold securities. The University furnished to each rating service certain information and materials, some of which may not have been included in this Supplemental Official Statement, relating to the Series 2016 A Bonds and the University. Generally, rating services base their ratings on such information and materials and on their own investigations, studies and assumptions. Each rating should be evaluated independently of any other rating. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating service if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of the Series 2016 A Bonds.

The University expects to furnish the rating services with information and materials that may be requested. However, the University assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Series 2016 A Bonds.

CONTINUING DISCLOSURE COMPLIANCE

The University has undertaken to provide continuing disclosure in connection with the issuance of Program Bonds as described in the accompanying Official Statement. From time to time, the University has not fully complied with all terms of its existing continuing disclosure undertakings. Specifically, while the University has filed its audited annual financial statements with respect to each of the past five years, prior to July 11, 2012 it had not filed with EMMA or its predecessors any documents specifically addressing the items of information corresponding to the annual information described in the accompanying Official Statement. On July 11, 2012, the University made a corrective filing with

EMMA. In addition, the University's annual information statement for the fiscal year ending June 30, 2012 was filed with EMMA on January 4, 2013, which date was eight days later than the filing date specified in the University's continuing disclosure agreements. The University has designated an individual in the Office of the Treasurer to oversee timely compliance with its continuing disclosure obligations in the future. See **CONTINUING DISCLOSURE** in the accompanying Official Statement.

The Trustee will not be responsible for, or for determining, the University's compliance with the continuing disclosure agreement.

UNDERWRITING

The University has entered into a purchase contract with the Underwriters listed on the cover hereof for whom Barclays Capital Inc. is acting as a representative, and the Underwriters have agreed to purchase the Series 2016 A Bonds from the University at an aggregate discount of $3,835,003.46 from the public offering price set forth on the cover page hereof.

The purchase contract pursuant to which the Series 2016 A Bonds are being sold provides that the Underwriters will purchase not less than all of the Series 2016 A Bonds. The Underwriters' obligation to make such purchase is subject to certain terms and conditions set forth in the purchase contract, the approval of certain legal matters by counsel and certain other conditions.

The Underwriters may offer and sell the Series 2016 A Bonds to certain dealers and others at a price lower than the initial offering price. The offering price of Series 2016 A Bonds may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment and commercial banking services for the University, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the University.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the University as Underwriters) for the distribution of the Series 2016 A Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

Loop Capital Markets LLC ("LCM"), one of the Underwriters of the Series 2016 A Bonds, has entered into distribution agreements (each an 'LCM Distribution Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Deutsche Bank Securities Inc. ("DBS") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each LCM Distribution Agreement, each of UBSFS and DBS will purchase Series 2016 A Bonds from LCM at the original issue prices less a negotiated portion of the selling concession applicable to any Series 2016 A Bonds that such firm sells.

"US Bancorp" is the marketing name of U.S. Bancorp and its subsidiaries, including U.S. Bancorp Investments, Inc., which is serving as an Underwriter of the Series 2016 A Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association ("WFBNA"), one of the underwriters of the Series 2016 A Bonds, has entered into an agreement (the "WFBNA Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2016 A Bonds. Pursuant to the WFBNA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2016 A Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliate, Wells Fargo Securities, LLC ("WFSLCC"), for the distribution of municipal securities offerings, including the Series 2016 A Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

CONCLUDING STATEMENT

Quotations in this Supplemental Official Statement taken from, and summaries and explanations of, the provisions of the Ohio Constitution, the Ohio Revised Code and other laws, the Program Resolution, the Amended and Restated Trust Indenture, the Program Supplement and the Continuing Disclosure Agreement, do not purport to be complete, and reference is made to the pertinent provisions of the Constitution, Ohio Revised Code and other laws and those documents for all complete statements of their provisions. Such documents are available for review at the University during regular business hours at the office of the Treasurer of the University. During the initial offering period, copies of the documents will also be available for review at the offices of the Underwriters.

To the extent that any statements in this Supplemental Official Statement and the accompanying Official Statement involve matters of estimate or opinion, whether or not expressly stated to be such, those statements are made as such and not as representations of fact or certainty, and no representation is made that any of those statements will be realized. Information in this Supplemental Official Statement and the accompanying Official Statement has been derived by the University from official and other sources and is believed by the University to be reliable, but information other than that obtained from official records of the University has not been independently confirmed or verified by the University and its accuracy is not guaranteed.

This Supplemental Official Statement and the accompanying Official Statement is not to be construed as or as part of a contract or agreement with the original purchasers or holders of the Bonds.

This Supplemental Official Statement and the accompanying Official Statement has been duly prepared and delivered by the University, and executed for, and on behalf of, the University by the official identified below.

THE OHIO STATE UNIVERSITY

By: */s/ Geoffrey S. Chatas*

Geoffrey S. Chatas, Senior Vice President for Business and Finance

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APPENDIX A

THE OHIO STATE UNIVERSITY

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APPENDIX A

TABLE OF CONTENTS

NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Forward-Looking Statements

Certain statements included or incorporated by reference in this Appendix A constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend," "projection" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information in this Appendix A. A number of important factors, including factors affecting the University's financial condition and factors which are otherwise unrelated thereto could cause actual results to differ materially from those stated in such forward-looking statements. THE OHIO STATE UNIVERSITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Projections and Financial Data

The projections set forth in this Appendix A were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to forward looking information and preliminary financial data, but, in the view of the University's management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the University. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Appendix A are cautioned not to place undue reliance on the forward looking information and preliminary financial data. Neither the University's independent accountants, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forward looking information and preliminary financial data contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forward looking information and preliminary financial data.

Any preliminary December 31, 2015 results of the University and forward looking information with respect to the University included in this Appendix A have been prepared by, and are the responsibility of, the University's management. PricewaterhouseCoopers LLP has not performed an audit, review, or compilation with respect to the preliminary December 31, 2015 results. PricewaterhouseCoopers LLP has neither examined, compiled, nor performed any procedures with respect to any forward looking information contained in Appendix A. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect to any preliminary December 31, 2015 results or forward looking information contained in Appendix A.

APPENDIX A

THE OHIO STATE UNIVERSITY

GENERAL

The Ohio State University (the "University") was founded in 1870 by the Ohio General Assembly under provisions of the Morrill Act as the Ohio Agricultural and Mechanical College (the "College"). The College was located on 331 acres of land approximately two miles north of Columbus. In 1878, the General Assembly designated the College a university and changed its name to The Ohio State University. That same year, the University graduated its first class. Through August 2015, the University has awarded over 712,250 undergraduate and graduate degrees.

The University is one of 14 state-supported universities in Ohio. It is declared by statute to be a body politic and corporate. The University's main campus is located in the City of Columbus on a 1,592-acre site containing 610 buildings (the "Columbus Campus"). Also in Columbus, the University owns two 18-hole regulation golf courses and the Don Scott Airport on 1,684 acres. In addition to the Columbus Campus, the University operates educational programs at Extended Campuses located in Lima, Mansfield, Marion, and Newark (collectively, the "Extended Campuses") housed in 71 buildings on 1,482 acres. The University also operates an Agricultural Technical Institute, the Ohio Agricultural Research and Development Center ("OARDC") in Wooster, Ohio and the Molly Caren Agriculture Center in London, Ohio, along with eight other research farms throughout Ohio collectively comprising 10,722 acres and 442 buildings. An additional 214 buildings are located on 672 acres at various other locations across Ohio.

The Columbus Campus is the third largest individual campus of any university or college in the United States in terms of both head count enrollment and full-time equivalent (FTE) enrollment. The enrollment for Autumn 2015 was 58,663 students for the Columbus Campus and 6,521 for the Extended Campuses, bringing the total enrollment for all campuses at that time to 65,184 students. During the academic year ending June 30, 2015, the University awarded a total of 16,030 degrees consisting of 10,788 baccalaureate degrees, 2,707 master's degrees, 861 professional degrees, 832 doctorate degrees, 836 associate degrees, and 6 post-baccalaureate degrees. The University has nearly 500,000 living alumni. The University has the largest Athletics Department in the country with 36 varsity sports. The Athletics Department is self-supported and generated approximately $181 million in revenues in Fiscal Year 2015. As of September 30 2015, the University employed a total of 44,023 faculty and staff (including student employees) among its campuses.

The Board of Trustees

The University is governed by a Board of Trustees (the "Board") which, under Ohio law, is directed and granted authority to do all things necessary for the proper maintenance and successful and continuous operation of the University. Two of the Trustees must be students at the University. The Trustees, other than charter Trustees and student Trustees, are appointed by the Governor with the advice and consent of the State Senate for overlapping nine-year terms. The student Trustees are appointed by the Governor with the advice and consent of the State Senate for overlapping two-year terms. As of November 2015, the student Trustees were granted voting power on the Board and beginning in May, 2016, they will be considered as members of the Board in determining whether a quorum is present. The charter Trustees, who are not residents of Ohio, are appointed by the other members of the Board for three-year terms. There may be up to three charter Trustees. Charter Trustees have no voting privileges on the Board and are not considered as members of the Board when determining whether a quorum is present.

The current officers and members of the Board, and the years in which their respective terms expire, are:

Jeffrey Wadsworth, Chair (2019)	Battelle Memorial Institute, President and Chief Executive Officer
Alex Shumate, Vice Chair (2020)	Squire Patton Boggs (U.S.) LLP, Managing Partner, Columbus Office
Linda S. Kass (2017)	Chair of the Countrywide Champion of Children Initiative and Board Chair of the Bexley Education Foundation
Janet B. Reid (2018)	Global Novations, Founder and former Managing Partner and Director
W. G. Jurgensen (2018)	Retired Chief Executive Officer of Nationwide Mutual Insurance Company
Clark C. Kellogg (2019)	Lead College Basketball Analyst for CBS Sports and Vice President of Player Relations for Indiana Pacers
Timothy P. Smucker (2020)	The J.M. Smucker Company, Chairman of the Board
Cheryl L. Krueger (2021)	KRUEGER+CO. Consulting, Inc., Chief Executive Officer
Michael J. Gasser (2021)	Greif, Inc., Executive Chairman of the Board
Brent R. Porteus (2022)	Blair Porteus & Sons, Managing Partner
Erin Hoeflinger (2022)	Anthem Blue Cross and Blue Shield of Ohio, President
Alex R. Fischer (2023)	Columbus Partnership, President and Chief Executive Officer
Abigail S. Wexner (2023)	Whitebarn Associates, Chairman and Chief Executive Officer
Corbett A. Price, Charter Trustee (2017)	Quantix Health Capital, LLC, Chairman and Chief Executive Officer; Kurron Capital, LLC, Chief Executive Officer, and Kurron & Company, Inc., Chairman
Alan VanderMolen, Charter Trustee (2017)	DJE Holdings, Vice Chairman
James D. Klingbeil, Charter Trustee (2018)	Klingbeil Capital Management, Co-Chairman and Chief Executive Officer
Steven M. Loborec, Student (2016)	Graduate/Professional Student Trustee
Halie M. Vilagi, Student (2017)	Undergraduate Student Trustee

The secretary of the Board is Blake Thompson.

Senior Management

Biographical information regarding certain individuals who are part of the current senior management of the University is set forth below.

Dr. Michael V. Drake serves as President of the University. He previously served as chancellor of the University of California, Irvine, from July 2005 through June 2014. Prior to Dr. Drake's arrival at UC Irvine, he served for five years as vice president for health affairs for the University of California system, overseeing academic program policy at the system's 15 health sciences schools, located on seven campuses. Dr. Drake earned his bachelor's degree from Stanford University and his medical degree from UC San Francisco.

Dr. Bruce A. McPheron serves as Interim Executive Vice President and Provost at the University. For the three years prior to serving as Interim Executive Vice President and Provost, Dr. McPheron served as the University's Vice President for Agricultural Administration and dean of the College of Food, Agricultural and Environmental Sciences (CFAES). Prior to joining the University in 2012, he was dean of the College of Agricultural Sciences at Penn State University (PSU) for three years, and served 21 years in various other positions with PSU. Dr. McPheron earned his bachelor's degree at the University and his master's and doctorate at the University of Illinois.

Geoffrey S. Chatas serves as Senior Vice President for Business and Finance and Chief Financial Officer at the University. Prior to joining the University in February of 2010, he was with J.P. Morgan Asset Management as an acquisitions officer for the Infrastructure Investments Group. Prior to J.P. Morgan, Mr. Chatas served as CFO at Progress Energy and served at American Electric Power, overseeing the financial aspects of investments in infrastructure assets. Mr. Chatas earned a bachelor of arts degree in Economics from Georgetown University, a master's degree from Oxford University and a master's of business administration from INSEAD.

Christopher M. Culley serves as Senior Vice President and General Counsel for the University. He joined the University in February of 1998 as Deputy General Counsel and became General Counsel in December 2004. Mr. Culley is a member of the Columbus Bar Association, the Ohio State Bar Association and the National Association of College and University Attorneys. Mr. Culley earned his bachelor's degree at the University and his J.D. at the University of Dayton College of Law.

Dr. Sheldon M. Retchin serves as Senior Vice President of Health Sciences at the University and Chief Executive Officer at the Wexner Medical Center. From 2003 until 2015, Dr. Retchin served as senior vice president for health sciences at Virginia Commonwealth University (VCU) and CEO of the VCU Health System. From 1987 until 2015, Dr. Retchin was a professor in the departments of internal medicine, gerontology and health administration at VCU and is an expert in health policy and health care delivery, with special expertise on the costs, quality and alternative financing strategies for the Medicare program. Dr. Retchin earned his bachelor's degree, master's degree in public health and medical degree from the University of North Carolina at Chapel Hill.

Mark Larmore serves as Chief Financial Officer at the Wexner Medical Center. Mr. Larmore joined the Wexner Medical Center in October 2015 with a strong background in healthcare finance, most recently as CFO, group senior vice president and treasurer of New York-Presbyterian Hospital. In that role since 2011, he provided ultimate financial oversight to hospital operations as well as strategic leadership and direction to multiple areas of business. Mr. Larmore has spent over 25 years at NewYork-Presbyterian, beginning as director of finance in 1989. He was promoted in 1994 to vice president of finance and became senior vice president of finance and assistant treasurer in 2007. Mr. Larmore earned a bachelor's of science degree in accounting and finance at the State University of New York at Oswego and is a certified public accountant.

Andy Gurd is the Interim President and Chief Executive Officer of the Ohio State Alumni Association. Andy has been with the Alumni Association since September, 2007. Prior to returning to the University, he was vice president of sales and marketing for a regional IT consulting firm. Mr. Gurd is a graduate of the University, holds a master's of business administration degree from Kent State University and also a masters of business operational excellence with a Black Belt in Six Sigma from the Fisher College of Business at the University.

Jay Kasey serves as Senior Vice President for Administration and Planning at the University. Prior to his appointment to this post, Mr. Kasey was appointed the Chief Operating Officer of the University Health System that includes two general teaching hospitals and specialty hospitals in Oncology, Cardiology, Rehab, and Psychiatry. He has also been instrumental in leading the medical center expansion project. Jay has worked in senior level healthcare positions since 1985. After serving as the COO or CEO of two different five-hundred bed community hospitals, Mr. Kasey joined The Hunter Group, a consulting firm specializing in hospital and health systems operations.

Michael Eicher was named Senior Vice President for Advancement in September 2012. He oversees the full integration of the University's fundraising, alumni relations, and communications efforts. He joined the University from Johns Hopkins University, where he served as senior vice president for external affairs and development. Prior to working at Johns Hopkins, Mr. Eicher was vice chancellor at the University of California, Los Angeles. Mr. Eicher graduated from the University of California, San Diego.

Andraea "AJ" Douglass serves as the Senior Vice President of Talent, Culture and Human Resources at the University. In this role, Ms. Douglass provides leadership, guidance, direction, and oversight to the University's complex human resource functions, which serve more than 40,000 employees across the University and Wexner Medical Center. Prior to joining the University, Ms. Douglass served as a strategic account leader for Senn Delaney, where she led large-scale cultural transformation efforts and served as an executive coach for targeted leaders. Ms. Douglass received her bachelor of science degree from Bellevue University.

Academic Structure

The academic organization of the University consists of 15 colleges, 10 schools, the Graduate School and the Agricultural Technical Institute. The University offers 200 undergraduate majors, 157 programs leading to the master's degree, 121 programs leading to the doctoral degree, and over 12,000 different courses.

The 15 colleges within the University are:

Arts and Sciences	Nursing
Business	Optometry
Dentistry	Pharmacy
Education and Human Ecology	Public Affairs
Engineering	Public Health
Food, Agricultural and Environmental Sciences	Social Work
Law	Veterinary Medicine
Medicine	

The 10 schools within the University's colleges are:

Health and Rehabilitation Sciences	Environment and Natural Resources
Architecture	Educational Policy and Leadership
Biomedical Science	Physical Activity and Educational Services
Communication	Music
Earth Sciences	Teaching and Learning

University Libraries consists of the Thompson Library and ten department library and special collections locations on the Columbus campus. The University Libraries research collection is rich in distinctive content, including rare and primary sources provided in digital and physical formats. The system holds approximately 7.1 million volumes. University Libraries is ranked sixth among the public university members of the Association of Research Libraries ("ARL") and fourteenth among all ARL member libraries.

Accreditations and Memberships

The University is fully accredited in all of its professional colleges and departments by the North Central Association of Colleges and Schools. The University is also a member of both the Higher Learning Commission of the Association of American Universities and the National Association of State Universities and Land-Grant Colleges. Individual Colleges and Schools are fully accredited by their respective accrediting associations.

Faculty and Employees

As of September 30, 2015, the University had a faculty and non-instructional staff of 44,023 full and part-time employees on all campuses. The numbers of staff members for the Columbus Campus and the Extended Campuses as of September 30, 2015 were as follows:

	Columbus Campus	Extended Campuses	Total University
Instructional Staff			
Regular Faculty[(1)]:			
Professor	1,122	42	1,164
Associate Professor	820	126	946
Assistant Professor	550	76	626
Instructor	1	1	2
Total Regular Faculty	2,493	245	2,738
Other Faculty:			
Clinical Faculty[(2)]	1,237	2	1,239
Auxiliary Faculty[(3)]	2,436	318	2,754
Research Faculty[(4)]	104	1	105
Total Other Faculty	3,777	321	4,098
Total Instructional	6,270	566	6,836
Non-Instructional Staff			
Unclassified Staff	18,398	718	19,116
Classified Civil Service Staff	4,628	375	5,003
Professional & Technical Staff	55	0	55
Graduate Associates	4,185	74	4,259
Other Students	8,348	406	8,754
Total Non-Instructional Staff	35,614	1,573	37,187
Total Staff	41,884	2,139	44,023

(1) Regular faculty are tenure track with at least 50% FTE.
(2) Clinical faculty includes the following titles: Professor-Clinical, Associate Professor-Clinical, Assistant Professor-Clinical, and Instructor Clinical with at least 10% FTE.
(3) Auxiliary faculty includes all other instructional staff including Lecturers, House Staff and Visiting Faculty.
(4) Research faculty includes the following titles: Research Professor, Research Associate Professor, and Research Assistant Professor with at least 50% FTE.

The University faculty membership in distinguished academic societies includes the National Academy of Sciences (11 members), the National Academy of Engineering (13 members), and the Institute of Medicine (8 members). The faculty also includes 17 members of the American Association of Arts and Sciences and 134 fellows of the American Association for the Advancement of Science. Many Fulbright Fellowships have been awarded to University faculty and graduate students each year.

The University is a party to collective bargaining agreements with the Communications Workers of America, the Fraternal Order of Police and the Ohio Nurses Association, which agreements cover only some of its employees. The remaining University employees, including faculty and other instructional staff, have not elected to join a bargaining unit.

Retirement Plans

The University participates in contributory retirement plans administered by the State Teachers Retirement System of Ohio ("STRS") and the Ohio Public Employees Retirement System ("OPERS"). As an alternative to STRS and OPERS, eligible employees may elect to participate in the University's Alternative Retirement Plan ("ARP"). The ARP was adopted by the University's Board of Trustees on February 5, 1999. As of September 30 2015, the number of employees contributing to OPERS was 28,012, to STRS was 4,745 and to the ARP was 5,167.

STRS and OPERS are two of five statewide public employee retirement systems created by and operating pursuant to Ohio law, all of which currently have unfunded actuarial accrued liabilities. The Ohio General Assembly has the power to amend the format of those systems and to revise rates and methods of contributions to be made by public employers and their employees and eligibility criteria, benefits or benefit levels for members.

STRS and OPERS both offer three separate retirement plans: a defined benefit plan, a defined contribution plan, and a combined plan.

- The STRS and OPERS defined benefit plans are cost-sharing multiple-employer defined benefit pension plans. Subject to eligibility requirements, the defined benefit plans currently provide for retirement benefits, disability benefits, postretirement health care coverage, and death benefits.

- The STRS and OPERS defined contribution plans are plans in which the member selects where both member and employer contributions are invested.

- The STRS and OPERS combined plans have features of both a defined contribution plan and a defined benefit plan. Subject to eligibility requirements, the combined plans currently provide for retirement benefits, disability benefits, postretirement health care coverage, and death benefits.

Ohio law requires the University to offer the ARP to certain employees. The ARP is a tax-qualified, defined contribution plan under Section 401(a) of the Internal Revenue Code and is maintained for eligible full-time faculty and staff.

STRS, OPERS and the ARP are funded by both employee and employer contributions at rates established under Ohio law. Currently, the statutory employee contribution rate is 10% of eligible compensation for OPERS and 12% of eligible compensation for STRS and the employer contribution rate is 14% of eligible compensation for both OPERS and STRS. Law enforcement employees contribute 13% of eligible compensation to OPERS and the University contributes 18.1%. Employee and employer contributions to the ARP are equal to the amount the University would have contributed to STRS or OPERS, as applicable to the employee, less any amount required to be paid by the University to the applicable state retirement system ("mitigating rate"). The mitigating rate is charged independently by OPERS and STRS and may differ between OPERS and STRS. Contributions to STRS, OPERS and the ARP are subject to limits under the Internal Revenue Code.

The University also maintains a tax-qualified retirement plan and a related Section 415(m) plan for eligible employees whose contributions to STRS, OPERS or the ARP are limited under the Internal Revenue Code. Contributions may be funded from both employer and employee contributions. In addition, optional supplemental retirement programs (403(b) and 457(b) plans) are available for eligible employees.

Federal law requires University employees hired after March 31, 1986, to participate in the federal Medicare program. The current rate for Medicare is 1.45% of covered wages for both the employer and the employee. Otherwise, University employees do not currently contribute to the federal Social Security system.

In accordance with GASB Statement No. 68, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension liabilities of the plans. Although changes in the net pension liability generally are recognized as pension expense in the current period, GASB 68 requires certain items to be deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 9 years).

The collective net pension liabilities of the retirement systems and the University's proportionate share of these net pension liabilities as of June 30, 2015 are as follows (dollars in thousands):

	STRS-Ohio	OPERS	Total
Net pension liability – all employers	$24,323,461	$12,022,615	
Proportion of the net pension liability – University	4.4%	8.8%	
Proportionate share of net pension liability	$1,070,914	$1,059,518	$2,130,432

Enrollment

The University attracts students from a variety of backgrounds and geographical locations, with representation in the Autumn Semester of 2015 from all 50 states and more than 110 foreign countries. Ohio residents represent 76.4% of the University's enrollment, while 14.1% are from other states and 9.4% are international students. The head count enrollment (full-time and part-time students) for each of the Columbus Campus and the Extended Campuses of the University for the Autumn Quarters or Semesters of 2011 through 2015 is shown below:

Academic Year	Columbus Campus	Extended Campuses	Total Enrollment
2011-12	56,867	7,562	64,429
2012-13	56,387	6,671	63,058
2013-14	57,466	6,498	63,964
2014-15	58,322	6,546	64,868
2015-16	58,663	6,521	65,184

The following table shows the total Autumn head count enrollment for undergraduate and graduate students for all campuses, and for students enrolled in professional programs, as well as the aggregate full-time equivalent ("FTE") enrollment for all campuses.

Academic Year	Graduate and Undergraduate	Professional	Total	Full-Time Equivalent
2011-12	61,053	3,376	64,429	62,805
2012-13	59,763	3,295	63,058	56,552
2013-14	60,712	3,252	63,964	57,796
2014-15	61,676	3,192	64,868	58,597
2015-16	62,029	3,155	65,184	58,978

The enrollment decline in 2012-2013 is attributed to the switch from a quarter system to a semester system. The University experienced a record number of graduations in the year prior to the conversion.

In 1969, the General Assembly, upon recommendation of the Ohio Department of Higher Education (formerly known as Ohio Board of Regents), set enrollment limitations for several of the larger state universities. The limitation for the Columbus Campus is 42,000 FTE resident undergraduate enrollment. Excluded from this enrollment calculation is the FTE enrollment in certain categories, including Medical Sciences (Medicine, Dentistry, Veterinary Medicine, Nursing, Allied Medicine and Optometry) and Agriculture programs, and part-time commuter students in evening courses. With these exclusions, the FTE enrollment for the Columbus Campus is substantially below the enrollment limitation.

Prior to 1987, the University practiced open admissions for freshmen, accepting applications on a first-come, first-served basis. Admissions would "close" when the number of applications received reached the FTE enrollment limitation. Because of increased demands for the Columbus Campus, the University adopted a selective admissions policy beginning with applications for Autumn Quarter 1987.

The application deadline is fixed at February 1st of each year. All resident and nonresident applicants are considered within a competitive process. Primary criteria for admission are the applicant's high school college preparatory program and performance as measured by class rank, and standardized test scores. Other factors include courses exceeding the minimum in mathematics, natural sciences and foreign languages, competitiveness of high school, leadership, special talents, or special circumstances. In addition, special consideration is given to students who will provide cultural, racial, economic, and geographic diversity to the University.

Admissions

The table below sets forth, for the Columbus Campus, the number of completed freshman applications received and accepted, the percentage of applicants accepted for admission, the number of freshmen enrolled, the percentage of accepted applicants who enrolled and the average ACT scores and retention rates of enrollees in the Autumn Quarters or Semesters of the academic years indicated.

Academic Year	Applications Completed	Applicants Accepted	Percent Accepted	Applicants Enrolled	Percent Enrolled	Average ACT	Retention Rate
2011-12	26,029	16,362	62.9%	6,904	42.2%	28.0	91.6%
2012-13	25,806	16,514	64.0%	7,186	43.5%	28.1	92.4%
2013-14	31,323	17,375	55.5%	7,083	40.8%	28.5	93.7%
2014-15	36,765	19,459	52.9%	7,024	36.1%	28.8	93.8%
2015-16	40,220	19,851	49.4%	6,978	35.2%	28.9	N/A

The average freshman composite scores on the Scholastic Aptitude Test (SAT critical reading and math) for the Columbus Campus was 1,266 for the Autumn Semester 2015; the average ACT Composite was 28.9. These averages have increased dramatically over the past decade as the University invested in strategic recruitment initiatives. The ACT average was 24.0 for Autumn 1997 compared with 28.9 in 2015. Per the goals of the University Strategic Enrollment Plan, the composition of the freshman class has become increasingly more diverse. Non-Ohio resident freshman enrollment increased to 30% in Fall 2015.

Fees and Charges

Having converted to semesters in Summer 2012, the University now operates its programs on a two-semester academic year, as well as a summer term. Instructional and general fees vary by campus and curriculum. Payment in full of all fees is required to be made by students prior to official enrollment in any class of instruction.

The conversion to semesters has allowed the University to better integrate with other universities, making it easier to facilitate the transfer of credits and students. The conversion has also initiated opportunities for student research, international study, internships, service learning and other specialized learning experiences for both undergraduate and graduate students.

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The per student instructional and general fees (including the tuition surcharge paid by non-resident students) for the Columbus Campus for academic years 2011-12 through 2015-16 are shown below.

Total Instructional and General Fees for Full-Time Students
(Per Academic Year)

		2011-12	2012-13	2013-14	2014-15	2015-16
Columbus Campus						
Resident	Undergraduate	$9,309	$9,615	$9,615	$9,615	$9,615
	Graduate	11,325	11,704	11,928	11,928	11,928
	MHRM (Formerly MLHR)	12,600	13,456	14,368	15,208	16,248
	MBA	26,055	27,336	28,688	29,536	30,120
	Working Professional MBA	24,375	22,720	23,840	24,544	25,512
	EMBA	47,124	46,414	43,012	44,428	48,032
	M. of Accounting	27,795	29,160	30,600	31,208	31,824
	Masters of Audiology	11,640	12,032	12,264	12,504	12,504
	MSLP	11,640	12,032	12,264	12,504	12,504
	M. of Health Admin.	13,350	13,800	14,064	14,336	14,336
	M. of Public Health	11,880	12,280	12,520	12,760	12,760
	Public Health PEP	11,880	12,280	12,520	12,760	12,760
	MPT/DPT	13,170	12,376	12,616	12,864	12,864
	MOT - Ranks 1-2	NA	11,144	11,360	11,576	11,576
	MOT - Rank 3	NA	8,660	NA	NA	NA
	MOT - All Ranks	12,435	NA	NA	NA	NA
	MSW	11,730	12,128	12,360	12,600	12,600
	MBOE	39,450	23,887	31,448	32,314	33,980
	SMB Finance	47,979	50,472	51,976	53,976	55,632
	MBLE	26,055	24,296	25,496	26,256	27,552
	MAEE-DL	NA	NA	14,432	14,712	14,712
	GC Med	NA	NA	NA	19,504	19,504
	GMB	NA	NA	NA	13,020	13,020
	MGEL	NA	NA	NA	17,144	17,144
Non-Resident	Undergraduate	24,204	25,023	25,335	26,115	26,943
	Graduate	28,050	29,016	29,592	30,472	31,400
	MHRM (Formerly MLHR)	28,530	29,384	30,616	32,264	34,152
	MBA	42,780	44,648	46,352	48,080	49,592
	Working Professional MBA	41,100	38,104	39,536	41,024	42,816
	EMBA	47,139	46,424	43,022	44,438	48,042
	M. of Accounting	44,520	46,472	48,264	49,752	51,296
	Masters of Audiology	28,365	29,344	29,928	31,048	31,976
	MSLP	28,365	29,344	29,928	31,048	31,976
	M. of Health Admin.	30,075	31,112	31,728	32,880	33,808
	M. of Public Health	28,605	29,592	30,184	31,304	32,232
	Public Health PEP	28,605	29,592	30,184	31,304	32,232
	MPT/DPT	29,895	27,760	28,312	29,344	30,168
	MOT - Ranks 1-2	NA	26,528	27,056	28,056	28,880
	MOT - Rank 3	NA	24,044	NA	NA	NA
	MOT - All Ranks	29,160	NA	NA	NA	NA
	MSW	28,455	29,440	30,024	31,144	32,072
	MBOE	39,465	23,897	31,458	32,324	33,990
	SMB Finance	47,994	50,482	51,986	53,986	55,642
	MBLE	42,780	39,680	41,192	42,736	44,856
	MAEE-DL	NA	NA	14,442	14,722	14,722
	GC Med	NA	NA	NA	39,504	40,504
	GMB	NA	NA	NA	13,025	13,025
	MGEL	NA	NA	NA	17,154	17,154

		2011-12	2012-13	2013-14	2014-15	2015-16
Professional Schools						
Resident	Law	25,620	27,000	27,536	28,080	28,632
	Medicine – Rank 1	NA	28,512	29,072	29,648	29,648
	Medicine – Rank 2	NA	27,432	29,072	29,648	29,648
	Medicine – Rank 3	NA	25,624	27,976	29,648	29,648
	Medicine – Rank 4	NA	22,008	26,128	28,528	29,648
	Medicine – All Ranks	31,800	NA	NA	NA	NA
	Dentistry – Rank 1	NA	30,952	31,560	32,184	32,816
	Dentistry – Ranks 2-4	NA	27,448	27,992	28,544	29,104
	Dentistry – All Ranks	29,925	NA	NA	NA	NA
	Optometry – Ranks 1-2	NA	23,824	24,296	24,776	25,512
	Optometry – Ranks 3-4	NA	21,160	21,576	22,000	22,648
	Optometry – All Ranks	22,290	NA	NA	NA	NA
	Veterinary Medicine – Ranks 1-3	NA	27,568	28,112	28,664	29,512
	Veterinary Medicine – Rank 4	NA	21,448	21,872	22,304	22,960
	Veterinary Medicine	26,655	NA	NA	NA	NA
	Pharmacy – Ranks 1-3	NA	19,592	19,976	20,560	21,168
	Pharmacy – Rank 4	NA	14,368	14,648	15,080	15,080
	Pharmacy – All Ranks	18,510	NA	NA	NA	NA
Non-Resident	Law	40,570	41,952	42,488	43,032	43,584
	Medicine – Rank 1	NA	45,968	46,880	48,344	49,280
	Medicine – Rank 2	NA	44,888	46,880	48,344	49,280
	Medicine – Rank 3	NA	43,080	45,784	48,344	49,280
	Medicine – Rank 4	NA	39,464	43,936	47,224	49,280
	Medicine – All Ranks	48,660	NA	NA	NA	NA
	Dentistry – Rank 1	NA	66,136	67,448	69,864	71,248
	Dentistry – Ranks 2-4	NA	58,640	59,808	61,952	63,184
	Dentistry – All Ranks	63,915	NA	NA	NA	NA
	Optometry – Ranks 1-2	NA	52,880	53,352	53,832	54,568
	Optometry – Ranks 3-4	NA	46,984	47,400	47,824	48,472
	Optometry – All Ranks	51,345	NA	NA	NA	NA
	Veterinary Medicine – Ranks 1-3	NA	61,032	62,240	64,496	67,136
	Veterinary Medicine – Rank 4	NA	47,484	48,432	50,192	52,240
	Veterinary Medicine	60,120	NA	NA	NA	NA
	Pharmacy – Ranks 1-3	NA	37,824	38,576	40,088	41,672
	Pharmacy – Rank 4	NA	27,728	28,272	29,384	30,104
	Pharmacy – All Ranks	36,120	NA	NA	NA	NA
Extended Campuses						
Resident	Undergraduate	6,903	7,140	7,140	7,140	7,140
	Graduate	11,130	11,512	11,736	11,736	11,736
	ATI	6,885	7,104	7,104	7,104	7,104
Non-Resident	Undergraduate	21,798	22,548	22,860	23,640	24,468
	Graduate	27,855	28,824	29,400	30,280	31,208
	ATI	21,780	22,512	22,824	23,604	24,432

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Comparative information concerning the academic year 2014-15 instructional and general fees charged Ohio residents by the University and the other state universities, and room and board charges are set forth below.

Instructional and General Fees*
2014-2015

Institution	Undergraduate	Graduate	Room and Board**
Bowling Green State University	$10,590	$11,662	$8,244
Central State University	6,246	6,570	9,318
Cleveland State University	9,686	13,866	10,398
Kent State University	10,012	10,652	9,908
Miami University	14,013	13,308	11,058
The Ohio State University	**10,037**	**12,425**	**10,260**
Ohio University	10,602	9,510	10,196
Shawnee State University	7,364	8,795	9,039
University of Akron	10,260	8,967	10,968
University of Cincinnati	11,000	14,468	10,456
University of Toledo	9,242	14,354	10,304
Wright State University	8,730	12,788	8,010
Youngstown State University	8,317	10,572	8,645

* Based on Fall 2014 full-time charges or 15 credit hours and 2 semesters. Amounts shown include both instructional and General Facilities Fees and exclude certain other fees that are not uniform to all state universities.

** Rates are computed on average Fall 2014 double-occupancy room rates, a certain number of meals each week and 2 semesters.

Source: Ohio Department of Higher Education Fall 2014 Survey of Student Charges. (Fall 2015 Survey not yet available)

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The following student budget has been used by the University's Office of Financial Aid and represents estimated average undergraduate student costs at the Columbus Campus for academic year 2015-2016.

Estimated Annual Expenses 2015-16

Basic Fees	**Per Student**
Tuition and fees for In-State Residents	$10,010
Tuition and fees for Out-of-State Residents*	27,336
Room and Board**	11,706
Books and Supplies	1,234
Miscellaneous Costs, Personal Expenses, Phone, etc.	2,602
Additional Out-of-State Travel	368
Total In-State Expenses	$25,552
Total Out-of-State Expenses	$43,246

* Includes the non-resident tuition surcharge
** Based on the most popular room and board plan

Financial Aid

Approximately 80% of the students of the University receive some form of financial assistance. The primary responsibility for this function is placed with the office of Student Financial Aid. During the Fiscal Year 2015, students received total assistance amounting to $1.06 billion. The primary sources included the Pell Grant Program, Ford Federal Direct Student Loan Programs, Federal Work Study, Federal Supplemental Educational Opportunity Grants, Ohio College Opportunity Grants, and the University scholarships, loans, employment, and graduate student fee waivers.

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The following table summarizes the financial aid provided to the University students for the five Fiscal Years ended June 30, 2015. A portion of funds provided are derived from sources outside the University. All programs assisted by the federal and state governments are subject to appropriation and funding by those governments.

Student Financial Aid
(dollars in thousands)

Source	2011	2012	2013	2014	2015
Scholarships and Grants					
University	$281,656	$293,728	$331,196	$362,065	$380,161
State Funds	13,148	11,205	12,995	13,441	13,933
Pell Grants	58,149	56,309	52,610	53,576	52,615
Other Federal Grants	7,331	3,378	3,181	2,689	2,831
Other Funds	36,328	40,050	41,849	42,905	45,411
Total Scholarships and Grants	$396,612	$404,670	$441,831	$474,676	$494,951
Loan					
University	$2,769	$1,762	$1,319	$1,602	$1,247
Federal Perkins	3,963	5,423	4,944	4,825	4,772
Federal Stafford & PLUS	406,322	407,283	366,355	354,546	351,872
Other Loans	35,121	38,360	38,953	43,035	43,582
Total Loans	$448,175	$452,828	$411,571	$404,008	$401,473
Student Employment					
Federal Work-Study	$3,191	$3,753	$3,844	$3,197	$2,979
University Student Payroll	148,013	150,601	158,599	159,271	160,269
Total Student Employment	$151,204	$154,354	$162,443	$162,468	$163,248
Total Financial Assistance	$995,991	$1,011,852	$1,015,845	$1,041,152	$1,059,672

Physical Plant

In total the University consists of 1,337 buildings and structures on 16,154 acres. The Columbus Campus programs are housed in 610 structures on the 1,592 acre campus. There are 71 additional University structures located on 1,482 acres at the University's Extended Campuses. The OARDC has 420 buildings on 8,631 acres in Wooster, Ohio and eight other research farms throughout Ohio. The Molly Caren Agricultural Center in London, Ohio comprises 22 buildings on 2,092 acres. An additional 104 buildings are located on 672 acres at other locations across Ohio. The total estimated replacement value of the University's buildings and infrastructure, all of which are either owned by the University or by the State for the use and benefit of the University, exceeds $13.7 billion. The replacement value of the Columbus Campus alone is in excess of $11.6 billion.

The Columbus Campus includes a 1,592-acre tract comprising the east and west academic campuses, a 289-acre 36-hole golf course and the 1,396-acre Don Scott Field. The Don Scott Field area contains the airport and experimental and demonstration farms and research areas on 801 acres and has 595 acres of undeveloped land. Columbus Campus facilities include numerous academic and laboratory buildings and facilities, a 1,106 licensed bed University Hospital (does not include 306 licensed beds at the Arthur G. James Cancer Hospital and Richard J. Solove Research Center or the 192 licensed beds at the University Hospital East), the seventeenth largest academic research library in North America, 35 residence hall buildings which can house approximately 10,800 students and a 104,900-seat stadium.

In pursuit of its teaching, research, and public service missions, the University has made significant investments in its facilities. At June 30, 2015, the net book value of the University's land, buildings, improvements, equipment, library books, and construction in progress exceeded $4.8 billion. In Fiscal Year 2015, total University capital expenditures exceeded $600 million. In that period, the University completed, construction of the following major facilities: north residence halls phase 1, east campus chiller and chemical and biomolecular engineering building.

The Ohio State University Wexner Medical Center

Part of one of the most comprehensive health sciences campuses in the country, The Ohio State University Wexner Medical Center includes the College of Medicine and its School of Health and Rehabilitation Sciences; the Office of Health Sciences; various research centers, programs and institutes; Ohio State University Physicians, Inc.; The Ohio State University Faculty Group Practice; The Ohio State University Comprehensive Cancer Center – Arthur G. James Cancer Hospital and Richard J. Solove Research Institute; and The Ohio State University Health System, which includes University Hospital, University Hospital East, Ohio State Harding Hospital, the Richard M. Ross Heart Hospital, Dodd Rehabilitation Hospital, the OSU Primary Care Network, CarePoint multispecialty outpatient facilities and the FastCare walk-in healthcare clinic. The University's Wexner Medical Center hospitals serve more than 57,000 adult inpatients and more than 1.5 million outpatients a year.

In 2015, U.S.News & World Report named the University's Wexner Medical Center to its list of "America's Best Hospitals," based on quality, outcomes and reputation, for the 23rd consecutive year. And the medical center had more treatments ranked – 18 – than any other central Ohio hospital in Healthgrades' 2013 national survey of clinical outcomes, patient satisfaction, patient safety and health conditions.

The Ohio State University Wexner Medical Center is at the forefront of medicine, where discovery and ingenuity in research laboratories, fueled by the sequencing of the human genome, interdisciplinary collaboration and emerging fields such as biomedical engineering and informatics, make unique, effective therapies available to patients months, even years, before other hospitals. The University's Wexner Medical Center is earning international distinction through its leadership in an approach known as personalized health care, which is care that is predictive, preventive, personalized and participatory.

A comparative summary of the Ohio State University Wexner Medical Center patient activity statistics for the five years ended June 30 is as follows:

	2011	2012	2013	2014	2015
Inpatient Admissions	56,869	56,170	56,592	57,024	58,211
Outpatient Visits	1,206,992	1,398,549	1,485,147	1,593,519	1,664,152
Surgeries	36,417	37,700	38,627	38,381	40,951

University Hospital specialties include organ and tissue transplantation, women's health, digestive diseases, minimally invasive surgery, rehabilitation and neurosciences. In addition to having a Level I Trauma Center as designated by the American College of Surgeons, University Hospital is also home to a Level III Neonatal Intensive Care Unit, central Ohio's only adult burn center and the only adult solid organ transplant program in central Ohio. University Hospital has been designated a Magnet® hospital by the American Nurses Credentialing Center; only 2% of hospitals in the United States are designated Magnet® facilities. University Hospital was the first in central Ohio to receive Magnet® designation.

University Hospital East blends academic and community-based medicine at a licensed, 192-bed facility. University Hospital East provides a full range of services to patients throughout central Ohio, including rehabilitation, family medicine and emergency medicine. Additionally, patients at University Hospital East have access to central Ohio's leading alcohol and drug addiction recovery services, a wound-healing center, a sleep lab and outpatient oncology services.

The OSU Heart and Vascular Center comprises the Richard M. Ross Heart Hospital and Dorothy M. Davis Heart and Lung Research Institute (DHLRI) and is dedicated to advancing the field of cardiovascular medicine and surgery. The University's Ross Heart Hospital is a seven-story, 150-inpatient-bed facility that supports every type of cardiac care, from the latest catheterization techniques to central Ohio's only adult heart transplantation program.

The DHLRI is one of the nation's few free-standing facilities devoted entirely to the research of diseases affecting the heart, lungs and blood vessels.

Ohio State Harding Hospital offers counseling services along with the most comprehensive inpatient and outpatient mental health and behavioral services in central Ohio. Programs are available for children and adolescents, adults and older adults. Ohio State Harding Hospital's team includes psychiatrists, psychologists, social workers, registered nurses, occupational therapists, recreational therapists, chaplains and licensed counselors.

The only free-standing cancer hospital in central Ohio and the first in the Midwest, the University's Comprehensive Cancer Center – Arthur G. James Cancer Hospital and Richard J. Solove Research Institute (OSUCCC – James) is a national and international leader in cancer prevention, detection and treatment. The OSUCCC – James is a 306-bed cancer hospital, one of only 45 comprehensive cancer centers designated by the National Cancer Institute (NCI), and one of only seven institutions nationally funded by the NCI to conduct both phase I and phase II clinical trials. The OSUCCC – James achieved Magnet® status in 2013.

Ohio State University Physicians, Inc., (OSUP) is a not-for-profit, multispecialty physician practice that has been designated by the University's trustees as the faculty practice plan for the University's College of Medicine. The University's Faculty Group Practice (FGP) is an organizational unit of the Office of Health Sciences that represents the majority of the physicians delivering care to patients at Ohio State Wexner Medical Center. Both OSUP and FGP physicians have an employment relationship with the University's College of Medicine in support of its teaching, patient care and research mission areas.

In December 2014, Ohio State opened the doors of the new OSUCCC – James, a transformational facility that fosters collaboration and integration of cancer research and clinical cancer care. The new OSUCCC – James is the Midwest's largest cancer hospital and the third largest cancer hospital in the United States. It is the largest single construction project in The Ohio State University's history.

The patients served by this new 21-floor hospital find themselves at the intersection of research, education and sub-specialized care. Research and education spaces are located on every floor, enhancing the University's Wexner Medical Center's bench-to-bedside approach to patient care and giving patients early access to new treatments and tools.

The new OSUCCC – James will revolutionize cancer prevention and care by enabling world-class oncologists and researchers to work side-by-side to solve the mysteries of this disease. Through their discoveries, cancer care is evolving from traditional, broad-based therapies to molecular- and genetic-based prevention strategies and targeted treatments for each patient's unique cancer.

As part of its strategic planning and development process the University and its Wexner Medical Center are continually evaluating opportunities that may involve the addition or acquisition of, or affiliation with, other organizations and enterprises including acute care hospital facilities, long-term care entities and other health care enterprises, or the divestiture of enterprises, operations or facilities which the University's Wexner Medical Center currently owns or operates. In addition, the University's Wexner Medical Center may engage in such discussions with health insurers, HMOs, preferred provider organizations, third-party administrators and other health insurance-related businesses. Because the health care field is rapidly evolving, the University's Wexner Medical Center is often simultaneously discussing or evaluating a variety of potential acquisitions, divestitures, combinations, affiliations and joint ventures. Many of those discussions and evaluations never progress to an actual agreement, and the University does not typically disclose such discussions or evaluations unless and until a definitive agreement is reached.

Other Public Institutions

Publicly owned higher education institutions in Ohio now include 13 state universities (with a total of 24 branches), one freestanding medical college (in addition to five at state universities) and 23 community and technical colleges. Those institutions all receive State assistance and conduct full-time educational programs in permanent facilities.

Ohio Department of Higher Education (formerly known as the Ohio Board of Regents)

The Chancellor of the Ohio Department of Higher Education is an appointee of the Governor, with the advice and consent of the State Senate, who serves a five-year term. The current Chancellor is John Carey. The Chancellor has statewide coordinating, recommendatory, advisory and directory powers with respect to state-supported and state-assisted institutions of higher education. Among the Chancellor’s powers and responsibilities are to formulate and revise a state master plan for higher education; to make recommendations to the Governor and General Assembly concerning the development of state financed capital plans for higher education; to prepare a state plan for and be the state agency responsible for participation in federal programs relative to the construction of higher education academic facilities; to approve or disapprove the establishment of technical colleges, state institutions of higher education, community colleges and new branches or academic centers of state universities; to approve or disapprove all new degree programs at higher education institutions; to review and recommend the elimination of graduate and professional programs; and to review appropriation requests of those institutions and make recommendations to the General Assembly concerning the biennial higher education operating and capital appropriations.

The Ohio Department of Higher Education acts as an advisory board to the Chancellor. The Ohio Department of Higher Education consists of nine voting members appointed to six-year terms by the Governor with the advice and consent of the State Senate. Ex-officio non-voting members are the chairpersons of the respective education committees of the State Senate and the State House of Representatives.

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FINANCIAL OPERATIONS OF THE UNIVERSITY

General

The financial statements of the University are prepared in a "business type activity" format in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments and GASB Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities - an amendment of GASB Statement No. 34*. GASB Statement No. 35 defines business type activities as those financed in whole or in part by fees charged to external parties for goods and services. Most public colleges and universities have elected to use the business type activity format. For further information see the consolidated financial statements of the University as of June 30, 2015 and 2014 and for the years then ended, included as **APPENDIX B**.

Summary of Revenues, Expenses, and Other Changes in Net Position

It should be noted that the required subtotal for net operating income or loss will generally reflect a "loss" for state-supported colleges and universities such as the University. This is primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all University expenses, except for interest on long-term debt. Operating revenues, however, exclude certain significant revenue streams that the University and other public institutions have traditionally relied upon to fund current operations, including state instructional support, current-use gifts, and investment income.

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The following “Summary of Revenues, Expenses and Other Changes in Net Position” presents summary financial information for Fiscal Years 2011 through 2015.

Summary of Revenues, Expenses and Changes in Net Position
(dollars in thousands)

	2011	2012	2013	2014	2015
Operating Revenues:					
Tuition and fees, net	$732,688	$793,742	$816,761	$815,743	$850,289
Grants and contracts	604,536	649,901	658,432	662,916	691,209
Auxiliary enterprises sales and services, net	232,482	233,020	222,014	228,997	261,351
OSU Health System sales and services, net	1,706,037	1,921,897	2,018,724	2,120,891	2,357,824
OSU Physicians sales and services, net	282,144	302,802	331,817	356,503	405,619
Departmental sales and other operating revenues	197,432	185,938	198,345	216,294	190,225
Total operating revenues	$3,755,319	$4,087,300	$4,246,093	$4,401,344	$4,756,517
Operating Expenses:					
Educational and general	$2,092,517	$2,146,009	$2,221,666	$2,327,469	$2,281,828
Auxiliary enterprises	244,787	239,570	242,376	241,915	248,879
OSU Health System	1,484,405	1,697,628	1,796,581	1,839,645	1,970,124
OSU Physicians	264,399	285,446	316,080	342,565	373,658
Depreciation	239,351	242,391	264,722	266,907	342,196
Total operating expenses	$4,325,459	$4,611,044	$4,841,425	$5,018,501	$5,216,685
Net operating income (loss)	($570,140)	($523,744)	($595,332)	($617,157)	($460,168)
Non-Operating Revenues (Expenses):					
State share of instruction and line-item appropriations	$499,639	$428,306	$432,652	$440,924	$435,824
Gifts - current use	103,754	139,599	122,208	138,230	163,800
Net investment income (loss)	365,108	60,177	386,886	620,787	173,478
Grants, interest expense and other non-operating	21,749	21,350	3,359	14,918	12,930
Income (loss) before other revenues, expenses gains or losses	420,110	125,688	349,773	597,702	325,864
State capital appropriations	62,732	42,188	75,127	54,808	40,868
Private capital gifts	16,398	19,072	41,176	5,486	1,688
Additions to permanent endowments	30,835	41,299	57,480	54,309	60,792
Increase (decrease) in net position	530,075	228,247	523,556	712,305	429,212
Net Position - beginning of year	4,720,629	5,250,704	5,491,970	6,015,526	6,727,831
Effect of GASB 61 Implementation		13,019			
Effect of GASB 68 Implementation (Pensions)*					(2,164,734)
Net Position-beginning of year, adjusted		5,263,723			4,563,097
Net Position-end of year	$5,250,704	$5,491,970	$6,015,526	$6,727,831	$4,992,309

*During fiscal year 2015, GASB No.68was implemented as of July 1, 2014. The cumulative effect of such was a reduction in the University’s net position as of July 1, 2014. Balances reported for the prior fiscal year ends have not been restated due to limitations on the information available from the retirement systems. Please see Appendix B for additional information regarding this change.

The following "Summary of Fund Balances" presents the unrestricted educational and general fund equity, unrestricted fund equity, restricted funds, endowment and the investment in plant funds for Fiscal Years 2011 through 2015.

Summary of Fund Balances
(dollars in thousands)

	2011	2012	2013	2014	2015
Current Unrestricted Funds (E&G)	$703,131	$710,140	$619,948	$618,528	$658,310
Current Unrestricted Fund (All funds)	1,175,121	1,275,347	1,269,465	1,338,301	1,536,080
Current Restricted Funds	411,146	466,157	567,863	569,900	614,985
Endowment & Similar Funds	1,451,088	1,432,056	1,676,787	2,117,132	2,111,542
Plant Funds (Unexpended and R&R)	621,701	788,603	843,152	562,150	549,718
Retirement of Indebtedness	46,460	62,089	(15,479)	50,516	114,575
Investment in Plant (net of accumulated depreciation)	1,494,899	1,435,181	1,627,558	2,040,652	2,131,483

General Budgeting Procedures

The University adopts a General Funds operating budget for each Fiscal Year by allocating to the colleges the marginal increases in State Share of Instruction, student fees, and indirect cost recoveries collected on research projects. These allocations are based on the enrollments and research efforts adjusted for each college's share of administrative, space, research, and student services costs. Decisions concerning fees, salaries, benefits, other revenues and expenditures, as well as specific budget requests from the colleges and support units, are approved by the Board as developed by the President and senior staff in consultation with the Council of Deans, Senate Fiscal Committee, and other University constituencies.

The University's General Fund operating revenues are derived from two primary sources: student fees and State appropriations. Over the last decade, student fees, which tend to be more stable, have increased at a faster pace than State appropriations and have become the University's largest source of General Funds revenue. Unrestricted State appropriations comprised 22.4% of the General Funds budget in Fiscal Year 2015 and are expected to comprise approximately 22% in Fiscal Year 2016. The final State budget bill increased state share of instruction by 4.7% in Fiscal Year 2016 and 4.0% in Fiscal Year 2017. The additional funding provided offsets the 0% fee cap the state imposed for each year. The University has not increased in-state tuition since Fiscal 2013.

The University has outlined four Core Goals – Teaching and Learning, Research and Innovation, Outreach and Engagement, and Resource Stewardship – that support its three Discovery Themes – Health and Wellness, Energy and Environment, and Food Production and Security – all of which are supported by the University's operating funds budget.

Operating Budgets

The University divides its operating budget into a general fund budget (Columbus Campus and, separately, Extended Campuses and ATI), an earnings fund budget, and a restricted fund budget. The general fund budget includes instruction and departmental research, separately budgeted research, public service, student services, general administration, plant operation and maintenance, student aid, and reserves. The earnings fund budget includes all expenditures supported by the hospitals and student-generated revenues, including room and board, bookstore, intercollegiate athletics, and related income. The restricted fund budget includes all expenditures supported by revenues from grants, contracts, gifts, and donations, and appropriations from the State intended for specific purposes.

State Appropriations to the University

All State universities in Ohio receive financial assistance for both operations and designated capital improvements through appropriations by the General Assembly. These appropriations contribute substantially to the successful maintenance and operation of the University. State appropriations to the University are not included in General Receipts.

The majority of the University's State operating appropriations are received on the basis of student FTE multiplied by legislated subsidy allowances that vary by program. The following table shows historical State operating appropriations to the University for Fiscal Years 2011 through 2015 and anticipated receipts for Fiscal Year 2016.

Fiscal Year	State Operating Appropriations*
2011**	499,639,000
2012	428,306,000
2013	432,652,000
2014	440,924,000
2015	435,824,000
2016***	445,000,000

* Total University; figures include all campuses.

** In FY 2011includes $60,063,000 in Federal Fiscal Stabilization Funds.

*** Budget

Recent Developments

Total State of Ohio General Revenue Fund appropriations are $34.9 billion for Fiscal Year 2016 (an 11.7% increase over Fiscal Year 2015). The budget included a total General Revenue Fund appropriation for higher education of $2.5 billion in Fiscal Year 2016 (an increase of 4.5% from Fiscal Year 2015).

For Fiscal Year 2016 and Fiscal Year 2017, Amended Substitute H.B. 64 imposed a 0% fee cap for each year on instruction and general fees. State appropriations legislation did not cap or otherwise limit increases in special fees, graduate instructional fees, nonresident tuition surcharges, or room and board charges. Among other exceptions to the statutory limitation on fee increases are provisions that the limitation does not apply to an institution's covenants related to its obligations, such as the University's covenant to charge sufficient fees and to manage other items comprising the General Receipts to pay debt service charges, or to prior binding commitments to which an institution had identified fee increases as a source of funds such as the Ohio Union fee.

The economy of the State of Ohio is showing signs of recovery from the recent recession. Unemployment, which was at 8.9% in July 2011, was at 4.5% in November 2015. For Fiscal 2015 tax receipts to the State of Ohio were 1.9% above projections for the year. Income taxes were above expectations by 3.4%, while Sales and Uses taxes were above expectations by 0.5%.

The University remains committed to protecting and growing student financial aid and to increasing the compensation of University faculty to enhance the ability of the University to attract and retain outstanding faculty. The University will reallocate resources if necessary to meet these goals. The University will not reduce the amount of its General Receipts devoted to payment of debt service. It is the judgment of the University that while there will always be some uncertainty in the level of continued State support it receives, the period where the University faced the greatest potential for funding reductions has passed. These financial difficulties will not materially impair its ability to either satisfy its debt service obligations or carry out the educational mission of the University. The University adopts a general funds operating budget for each Fiscal Year by allocating to the colleges the marginal increases in State Share of Instruction, student fees, and indirect cost recoveries collected on research projects. These allocations are based on the enrollments and research efforts adjusted for each college's share of administrative, space, research, and student services costs. Decisions concerning fees, salaries, benefits, other revenues and expenditures, as well as specific budget requests from the colleges and support units, are approved by the Board as developed by the President and senior staff in consultation with the Council of Deans, Senate Fiscal Committee, and other University constituencies.

Every year, the University updates its five-year capital investment plan. Administrators work with colleges and central offices to prioritize capital needs, based on standing criteria and areas of emphasis, like Discovery Themes. This provides the basis for a State capital appropriations request which is submitted every other year to the Chancellor of the Ohio Department of Higher Education. The request identifies the projects proposed to be financed with State appropriations by the General Assembly and the purpose, priority, amount, and source of funds for those projects. The Chancellor of the Ohio Department of Higher Education and the General Assembly may approve, modify or disapprove aspects of the University's capital appropriation programs.

In Fiscal Year 2012, Governor Kasich asked former University President Gee to form a committee to transition the capital process for higher education from a formulaic approach to a more strategic one. This approach was continued for Fiscal Year 2013, with Ohio University President Roderick McDavis chairing the Ohio Higher Education Funding Commission. In January 2014, the Commission delivered their recommendations to the Governor's office that were subsequently adopted by the State for Fiscal Years 2015 and 2016.

On February 10, 2015, Governor John Kasich signed Executive Order 2015-01K establishing the Ohio Task Force on Affordability and Efficiency in Higher Education, to review and recommend ways in which state-sponsored institutions of higher education, including four-year universities and two-year community colleges, can be more efficient, offering an education of equal or higher quality while at the same time decreasing their costs. This can be done only if institutions of higher education become more efficient and productive in the use of their assets, personnel and resources. Geoff Chatas, Senior Vice President for Business and Finance and Chief Financial Officer at the University served as Chair of the Task Force. On October 1, 2015, the Task Force issued their report with recommendations regarding how Ohio institutions of higher education can operate more productively.

The University also receives State capital improvement appropriations. The following table shows historical and preliminary State capital appropriations to the University for the Fiscal Bienniums 2005-06 through 2015-16:

Fiscal Biennium Ended June 30	**State Capital Appropriations**
2006	$177,911,000
2008	107,793,000
2010	105,889,734
2012	141,265,013
2014	150,708,691
2016	99,200,000

State appropriations constitute a substantial portion of the University's annual operating budget. Under the Ohio Constitution, an appropriation may not be made for more than a two-year period. The General Assembly is not under a legal obligation to make appropriations in accordance with the budget requests of the University.

There can be no assurance that State appropriated funds for operating or capital improvement purposes will be made available in the amounts from time to time requested or required by the University. The General Assembly has the responsibility of determining such appropriations biennially. State income and budget constraints may from time to time compel a stabilization or reduction of the level of State assistance and support for higher education in general and the University in particular. In addition, such appropriations (and all other similar appropriations) are subject to subsequent limitations pursuant to an Ohio Revised Code section, implemented by the Governor from time to time in the past, which provides in part that if the Governor ascertains that the available revenue receipts and balances for the current fiscal year will in all probability be less than the appropriations for the year, he shall issue such orders to the state agencies as will prevent their expenditures and incurred obligations from exceeding such revenue receipts and balances.

Grants and Contracts

During Fiscal Year 2015, the University's expenditures on research totaled $962 million. Almost half of these expenditures ($468 million) were funded by grants from various federal agencies. The National Institutes of Health ($197 million), the National Science Foundation ($52 million), the Department of Education ($37 million), the Department of Defense ($35 million), and the Department of Agriculture ($31 million) were the primary federal sponsors. The remaining $494 million came from non-federal sources (industry, state, other non-governmental entities and institutional funds) with institutional funds ($236 million) and industrial sponsors ($119 million) being the primary sources.

The University's total research expenditures, as reported to the National Science Foundation, are managed by a number of administrative units. The primary administrative unit for external funding awarded to the University's investigators in Fiscal Year 2015 was the Ohio State University Office of Sponsored Programs, which managed the majority of the awards to academic units. In addition, some funds (primarily block grants from the U.S. Department of Agriculture) are administered by the OARDC. Research expenditures by the University's investigators at the Research Institute at Nationwide Children's Hospital and the Transportation Research Center are also included in the University's total research expenditures. Institutional funds reflect the University's investment in the research enterprise and include cost-sharing on grants for items such as facilities, equipment and graduate associate tuition.

The following tables show grant and contract expenditures for sponsored projects for Fiscal Years 2011-2015 by administering unit, and grant and contract awards for the same time period. Note that total awards and total expenditures will not precisely match, because awards often include multiple years of funding, whereas expenditures reflect activity in a single Fiscal Year. In addition, institutional contributions are not included in the awards table.

Grant and Contract Expenditures by Administering Unit
(dollars in thousands)

	2011	2012	2013	2014	2015
OSU Office of Sponsored Programs	$532,470	$498,605	$519,179	$536,590	$539,717
Ohio Agricultural R&D Center	38,922	37,317	34,098	34,581	31,937
Research Institute at Nationwide Children's Hospital	60,882	53,656	61,096	69,024	66,621
Transportation Research Center	36,763	34,278	29,627	32,002	32,528
Institutional Funds	94,524	234,978	261,650	257,062	236,336
Other	68,564	75,194	61,333	53,273	54,859
Totals	$832,126	$934,028	$966,983	$982,532	$961,997

Grant and Contract Awards by Administering Unit
(dollars in thousands)

	2011	2012	2013	2014	2015
OSU Office of Sponsored Programs	$630,565	$453,021	$435,735	$497,442	$515,775
Ohio Agricultural R&D Center	40,929	37,317	38,643	38,162	35,026
Research Institute at Nationwide Children's Hospital	62,120	57,354	80,903	55,250	95,160
Transportation Research Center	36,763	34,278	29,627	32,002	32,528
Other	74,329	75,194	72,921	64,663	71,440
Totals	$844,706	$657,164	$657,829	$687,519	$749,929

The following table shows grant and contract expenditures for Fiscal Years 2011-2015 by source of funds.

Grant and Contract Expenditures by Source
(dollars in thousands)

	2011	2012	2013	2014	2015
Federal Sponsors					
National Institutes of Health	$240,265	$211,581	$210,074	$206,424	$196,794
National Science Foundation	52,959	57,268	56,013	53,779	52,197
Department of Education	24,386	33,217	35,785	37,868	36,653
Department of Defense	39,596	38,432	36,248	34,147	34,604
Department of Energy	23,153	23,022	21,677	22,459	18,452
Department of Labor	5,488	5,300	4,439	3,892	3,784
Department of Agriculture	27,351	29,207	27,243	28,062	31,120
National Aeronautics and Space Administration	5,661	5,590	5,929	5,438	6,157
Other Federal Agencies	74,270	66,044	83,261	85,859	87,985
Total Federal Sources	$493,130	$469,661	$480,669	$477,928	$467,746
Industry	$105,579	$100,986	$110,618	$118,297	$119,272
State of Ohio	100,880	68,041	50,884	58,147	70,593
Other Non-Federal Agencies	38,013	60,362	63,162	71,098	68,050
Institutional funds	94,524	234,978	261,650	257,062	236,336
Total Non-Federal Sources	$338,996	$464,367	$486,314	$504,604	$494,251
Total All Sources	$832,126	$934,028	$966,983	$982,532	$961,997

The following table shows total grant and contract awards for Fiscal Years 2011-2015 by source of funds.

Grant and Contract Awards by Source
(dollars in thousands)

	2011	2012	2013	2014	2015
Federal Sponsors					
National Institutes of Health	$225,450	$201,381	$210,525	$203,312	$222,706
National Science Foundation	63,393	61,590	47,998	56,892	62,233
Department of Education	71,308	30,859	21,254	35,457	19,200
Department of Defense	40,180	29,797	32,292	38,059	34,759
Department of Energy	23,268	19,237	18,777	17,191	19,323
Department of Labor	3,710	6,019	4,058	6,577	9,583
Department of Agriculture	31,028	28,067	34,101	25,217	35,291
National Aeronautics and Space Administration	4,093	5,219	5,555	5,765	7,292
Other Federal Agencies	145,205	50,964	69,013	75,761	69,685
Total Federal Sources	$607,635	$433,133	$443,573	$464,231	$480,072
Industry	$81,006	101,971	$98,280	$105,610	$122,616
State of Ohio	124,475	59,083	45,276	51,478	75,251
Other Non-Federal Agencies	31,590	62,977	70,700	66,200	71,990
Total Non-Federal Sources	$237,071	$224,031	$214,256	$223,288	$269,857
Total All Sources	$844,706	$657,164	$657,829	$687,519	$749,929

The Office of University Advancement

The Ohio State University Foundation (the "Foundation") is a not-for-profit organization formed in April 1985 which operates exclusively for the benefit of the University. The Foundation is the primary fundraising and gift receipting organization for the University. Through the Foundation and the Office of University Advancement, contributions to the University can be made for current use or to the Endowment Fund. The University will accept gifts and bequests of cash, securities, real estate, tangible and intangible property, life insurance, and life income programs such as pooled income funds, charitable remainder annuity trusts, or charitable remainder unitrusts and gift annuities.

The following table shows gifts and bequests to the University from individuals, businesses and other organizations during each of the Fiscal Years listed below (dollars in thousands):

Fiscal Year	Gifts	Endowment Contributions	Private Capital Gifts	Total
2010	$90,743	$33,363	$15,545	$139,651
2011	$103,754	$30,835	$16,398	$150,987
2012	$139,599	$41,299	$19,072	$199,970
2013	$122,208	$57,480	$41,176	$220,864
2014	$138,230	$54,309	$5,486	$198,025
2015	$163,800	$60,792	$1,688	$226,280

The University Endowment Fund

The University Endowment Fund is comprised of 2,740 individual funds and contains all endowment funds that were established before April 1985. The Fund is invested in the Long-Term Investment Pool and is comprised of a diversified portfolio consisting of equity, fixed income and alternative investments. The market value of the Fund at June 30 of each of the past five Fiscal Years was:

Fiscal Year	Market Value
2011	$921,219,450
2012	$878,706,677
2013	$941,031,291
2014	$1,057,809,646
2015	$1,047,984,898

As of December 31, 2015 the estimated market value of the fund was $990,300,107 (unaudited).

The Ohio State University Foundation

The Foundation administers Unrestricted, Restricted, Endowment and Trusts and Pooled Income Funds for the benefit of the University. The market value of the 2,326 endowment funds held by the Foundation that are invested in the Long-Term Investment Pool at June 30 for the past five Fiscal Years was:

Fiscal Year	Market Value
2011	$484,426,575
2012	$500,824,488
2013	$589,702,215
2014	$710,961,474
2015	$757,158,186

As of December 31, 2015 the estimated market value of the fund was $746,975,147 (unaudited).

The Long-Term Investment Pool

The University's Long-Term Investment Pool ("LTIP") (which includes the University Endowment Fund, Foundation Endowments and certain Operating Funds) is the sixth largest endowment fund of any public university or college in the United States based on information from the 2014 National Association of College and University Business Officers endowment study. The market value of the LTIP at June 30 for the past five Fiscal Years was:

Fiscal Year	Market Value
2011	$2,120,714,246
2012	$2,366,033,205
2013	$3,149,169,176
2014	$3,613,865,865
2015	$3,659,386,806

As of December 31, 2015 the estimated market value of the LTIP was $3,627,938,333 (unaudited) and the LTIP consisted of the following investment types and market values (unaudited):

Investment Type	Market Value
Absolute Return/Hedge	$1,624,835,972
Fixed Income	49,809,086
Cash	36,730,053
Equity	772,285,237
Private Equity	502,425,282
Real Assets	641,852,703
Total	$3,627,938,333

The annualized total returns on the LTIP for the period ending June 30, 2015 were:

One year	3.81%*
Three year	9.86%*
Five year	9.12%*

*Shareholder returns

The annualized total return on the long-term portfolio for the one-year period ended December 31, 2015 was -1.05% (unaudited).

The University distributed approximately $142.2 and $142.0 million of endowment funds for operations in fiscal years ending June 30, 2015 and 2014, respectively.

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The Short and Intermediate-Term Pool

The University's Short and Intermediate-Term Pool represents funds available for operating purposes. The market value of the Short and Intermediate-Term Investment Pool at June 30 for the past five Fiscal Years was:

Fiscal Year	Market Value
2011	$1,780,804,294
2012	$1,827,573,600
2013	$1,801,775,544
2014	$1,642,288,578
2015	$1,949,304,734

As of December 31, 2015 the estimated market value of the Short and Intermediate-Term Investment Pool was $1,905,569,562 (unaudited) and the pool consisted of the following investment types and market values:

Investment Type	Market Value
Bank Accounts	$867,934,172
U.S. Gov't & Agency Bonds	218,788,565
Asset Backed Securities	107,763,373
Corporate Bonds	659,567,866
Municipal Bonds	10,744,989
Other Fixed Income	40,770,597
Total	$1,905,569,562

Insurance Coverage

All real and business property (buildings and contents) of the University are insured under a blanket (all risk) insurance policy. The policy insures all buildings and their contents on a replacement cost basis. The policy also includes business interruption, boilers and machinery. The University self-funds all deductibles. Buildings under construction are insured under builders risk policies obtained by the individual contractors or in some cases by builders risk policies owned by the University.

All owned, leased, rented or borrowed motor vehicles are self-insured for property damage. Liability coverage is provided by the University's Excess Liability Program subject to a self-insured retention.

All owned or leased aircraft are insured. The aircraft hulls are insured on a replacement cost basis. Liability insurance and property damage coverage are also provided for the airport.

The University maintains a self-insurance program for potential liabilities arising from operations of the University's Medical Center.

Workers' Compensation is self-insured by the University with the purchase of excess insurance for a catastrophic loss.

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Capital Programs and Additional Financing

The University has an on-going capital improvement program consisting of new construction and the remodeling/rehabilitation of existing facilities. Capital improvement projects are expected to be funded from a variety of sources, including gifts, state appropriations, debt financing and University funds.

As of June 30, 2015, the University had authorization for the following projects:

Project Status	Number	Total Project Cost (dollars in thousands)
In Design	94	$230,300
Under Construction	142	650,400
Emerging Projects*	33	23,600
Total	269	$904,300

* Projects not yet hired or designed

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE UNIVERSITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

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The Ohio State University

(A Component Unit of the State of Ohio)

Consolidated Financial Statements
As of and for the Years Ended June 30, 2015 and 2014
And Independent Auditors' Reports

Table of Contents

Independent Auditor's Report

To the Board of Trustees of
The Ohio State University
Columbus, Ohio:

We have audited the financial statements of The Ohio State University (the "University"), a component unit of the State of Ohio, appearing on pages 20 to 77, which consist of the statements of net position as of June 30, 2015 and June 30, 2014, the related statements of revenues, expenses, and other changes in net position and of cash flows for the years then ended, of the primary institution and of the aggregate discretely presented component units, which collectively comprise the University's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the primary institution and the aggregate discretely presented component units of the University as of June 30, 2015 and June 30, 2014, and the respective changes in net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 and 15 to the basic financial statements, in the year ended June 30, 2015, the University adopted new accounting guidance related to the manner in which it accounts for pensions. As described within the notes to the financial statements, the University adopted Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*, effective July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

The accompanying management's discussion and analysis on pages 4 through 19, and the Supplementary Information on GASB 68 Pension Liabilities on page 78 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matter

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying supplementary information on the long-term investment pool on pages 79 through 80 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2015. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

October 30, 2015

Management's Discussion and Analysis for the Year Ended June 30, 2015 (Unaudited)

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of The Ohio State University (the "university") for the year ended June 30, 2015, with comparative information for the years ended June 30, 2014 and June 30, 2013. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About The Ohio State University

The Ohio State University is the State of Ohio's flagship research institution and one of the largest universities in the United States of America, with over 64,000 students, 6,800 faculty members and 23,000 staff members. Founded in 1870 under the Morrill Land Grant Act, the university – which was originally known as the Ohio Agricultural and Mechanical College -- has grown over the years into a comprehensive public institution of higher learning, with over 200 undergraduate majors, 148 master's degree programs, 114 doctoral programs and seven professional degree programs.

The Ohio State University Wexner Medical Center is one of the largest and most diverse academic medical centers in the country and the only academic medical center in central Ohio. As a part of the Wexner Medical Center, the Health System operates under the governance of The Ohio State University Board of Trustees and is comprised of The Ohio State University Hospital, The Arthur G. James Cancer Hospital and Richard J. Solove Research Institute, Richard M. Ross Heart Hospital, University Hospital East, OSU Harding Hospital, The Ohio State University Specialty Care Network, Dodd Rehabilitation Hospital, The Eye and Ear Institute, The Stefanie Spielman Comprehensive Breast Center, and 14 primary care locations. The System provided services to 58,200 adult inpatients and 1,664,000 outpatients during Fiscal Year 2015.

The university is governed by a board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The university's 15 colleges, four regional campuses, the Wexner Medical Center and various academic support units operate largely on a decentralized basis. The Board approves annual budgets for university operations, but these budgets are managed at the college and department level.

The following financial statements reflect all assets, liabilities, deferred inflows/outflows and net position (equity) of the university, the Ohio State University Wexner Medical Center, the Ohio Agricultural Research and Development Center (OARDC) and the Ohio Technology Consortium (OH-TECH), which is an umbrella organization that includes the Ohio Academic Resources Network (OARnet), the Ohio Supercomputer Center and the Ohio Library and Information Network (OhioLINK). These entities constitute the "primary government" for financial reporting purposes. In addition, the financial statements include consolidated financial results for a number of "component units", which are legally separate entities that meet the financial accountability criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*.

The following component units are considered to "exclusively benefit" the university and are shown in a blended presentation with the primary government:

- The OSU Foundation (a fundraising foundation operating exclusively for the benefit of the university)
- OSU Health Plan (a non-profit organization – formerly known as OSU Managed Health Care Systems -- that administers university health care benefits)
- Oval Limited (captive insurer that provides medical malpractice coverage to university hospitals and physicians)

The GASB has indicated that, under the amended consolidation standards, the "exclusive benefit" criterion for blending is not met when a component unit provides services to parties external to the primary government. As a result, the university presents the following component units in a discrete presentation:

- OSU Physicians, Inc. (the practice group for physician faculty members of the Colleges of Medicine and Public Health)
- Campus Partners for Community Urban Redevelopment (a non-profit organization participating in the redevelopment of neighborhoods adjacent to the main Columbus campus)
- Transportation Research Center, Inc. (an automotive research and testing facility in East Liberty, Ohio)
- Dental Faculty Practice Association (the practice group for faculty members of the College of Dentistry)

Condensed financial information for both blended and discretely presented component units is provided in the Notes to the Financial Statements. The university is considered a component unit of the State of Ohio and is included in the State of Ohio's Comprehensive Annual Financial Report.

About the Financial Statements

The university presents its financial statements in a "business type activity" format, in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34.* In addition to this MD&A section, the financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Other Changes in Net Position, a Statement of Cash Flows and Notes to the Financial Statements. Separate columns are presented for the primary institution (which includes the primary government and the blended component units), discretely presented component units and the total university. Unless otherwise specified, the amounts presented in this MD&A are for the primary institution.

The **Statement of Net Position** is the university's balance sheet. It reflects the total assets, deferred outlflows, liabilities, deferred inflows and net position (equity) of the university as of June 30, 2015, with comparative information as of June 30, 2014. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities are classified as non-current. Investment assets are carried at fair value. Capital assets, which include the university's land, buildings, improvements, and equipment, are shown net of accumulated depreciation. Net position is grouped in the following categories:

- Net investment in capital assets
- Restricted – Nonexpendable
- Restricted – Expendable
- Unrestricted

In addition to assets, liabilities and net position, the university's balance sheet includes deferred outflows of resources and deferred inflows of resources. Deferred outflows are similar to assets and will be recognized as expense in future periods. Deferred inflows are similar to liabilities and will be recognized as revenue (or reductions of expense) in future periods.

The **Statement of Revenues, Expenses and Other Changes in Net Position** is the university's income statement. It details how net position has increased (or decreased) during the year ended June 30, 2015, with comparative information for the year ended June 30, 2014. Tuition revenue is shown net of scholarship allowances, patient care revenue is shown net of contractual allowances, charity care and bad debt expense, depreciation is provided for capital assets, and there are required subtotals for net operating income (loss) and net income (loss) before capital contributions and additions to permanent endowments.

It should be noted that the required subtotal for net operating income or loss will generally reflect a "loss" for state-supported colleges and universities. This is primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all university expenses, except for interest on long-term debt. Operating revenues, however, *exclude* certain significant revenue streams that the university and other public institutions have traditionally relied upon to fund current operations, including state instructional support, current-use gifts and investment income.

The **Statement of Cash Flows** details how cash has increased (or decreased) during the year ended June 30, 2015, with comparative information for the year ended June 30, 2014. It breaks out the sources and uses of university cash into the following categories:

- Operating activities
- Noncapital financing activities
- Capital financing activities
- Investing activities

Cash flows associated with the university's expendable net position appear in the operating and noncapital financing categories. Capital financing activities include payments for capital assets, proceeds from long-term debt and debt repayments. Purchases and sales of investments are reflected as investing activities.

The **Notes to the Financial Statements,** which follow the financial statements, provide additional details on the numbers in the financial statements. Behind the notes is a section that provides required supplementary information related to pensions and supplementary information on the university's Long-Term Investment Pool.

Financial Highlights and Key Trends

On July 1, 2014, the university implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The adoption of the new standard – which requires employers participating in cost-sharing multi-employer retirement plans to recognize a share of the retirement plans' unfunded pension liabilities – resulted in a $2.16 billion reduction in the university's opening unrestricted net position. The net pension liability recognized by the university at June 30, 2015 was $2.13 billion.

Excluding the effect of the GASB 68 accounting change, total net position for the primary institution increased $419 million in Fiscal Year 2015, reflecting revenue growth and increases in operating margins for the OSU Health System and $173 million of net investment income. Other university operating revenues and expenses were relatively flat compared with Fiscal Year 2014.

Demand for an Ohio State education remains strong, and student outcomes continue to improve. 64,868 students were enrolled in Autumn 2014, up 904 students compared to Autumn 2013. 93% of the freshmen enrolled in Autumn 2013 returned to OSU in Autumn 2014. Over the past five years, four-year graduation rates have increased from 51% to 59%, and six-year graduation rates have increased from 75% to 83%.

The following sections provide additional details on the university's 2015 financial results and a look ahead at significant economic conditions that are expected to affect the university in the future.

Statement of Net Position

Summary Statement of Net Position *(in thousands)*	2015	2014	2013
Cash and temporary investments	$ 1,782,051	$ 1,404,608	$ 1,073,925
Receivables, inventories, prepaids and other current assets	664,402	611,238	528,165
Total current assets	2,446,453	2,015,846	1,602,090
Restricted cash	375,425	435,293	926,444
Noncurrent notes and pledges receivable	118,257	117,159	127,831
Long-term investment pool	3,659,387	3,613,866	3,149,169
Other long-term investments	93,367	84,731	69,358
Capital assets, net of accumulated depreciation	4,803,242	4,492,896	4,136,392
Total noncurrent assets	9,049,678	8,743,945	8,409,194
Total assets	11,496,131	10,759,791	10,011,284
Deferred outflows	227,083	8,650	9,202
Total assets and deferred outflows	$ 11,723,214	$ 10,768,441	$ 10,020,486
Accounts payable and accrued expenses	$ 447,364	$ 391,064	$ 385,006
Deposits and advance payments for goods and services	261,537	229,530	179,436
Current portion of bonds, notes and lease obligations	655,919	504,165	503,750
Other current liabilities	76,788	47,445	21,705
Total current liabilities	1,441,608	1,172,204	1,089,897
Noncurrent portion of bonds, notes and lease obligations	2,186,090	2,101,363	2,167,134
Net pension liability	2,130,432	-	-
Other noncurrent liabilities	380,382	373,305	328,987
Total noncurrent liabilities	4,696,904	2,474,668	2,496,121
Total liabilities	6,138,512	3,646,872	3,586,018
Deferred inflows	693,251	484,450	494,284
Net investment in capital assets	2,340,342	2,320,611	2,394,141
Restricted:			
Nonexpendable	1,355,560	1,281,640	1,158,014
Expendable	993,000	999,029	920,515
Unrestricted	202,549	2,035,839	1,467,514
Total net position	4,891,451	6,637,119	5,940,184
Total liabilities, deferred inflows and net position	$ 11,723,214	$ 10,768,441	$ 10,020,486

During the year ended June 30, 2015, **cash and temporary investment** balances increased $377 million, to $1.78 billion, reflecting two October 2014 bond issues, transfers of **restricted cash**, and strong operating margins at the OSU Health System. The remaining restricted cash balances consist primarily of unspent proceeds from the General Receipts Bonds, which are being used to fund various capital projects. The Statement of Cash Flows, which is discussed in more detail below, provides additional information on sources and uses of university cash.

Accounts receivable increased $45 million, to $485 million at June 30, 2015, primarily due to increases in patient care receivables of the Health System. **Inventories and prepaid**

expenses decreased $32 million, to $83 million, reflecting reductions in prepaid expenses for student health insurance and graduate fee authorizations.

The fair value of the university's **long-term investment pool** increased $46 million, to $3.66 billion at June 30, 2015. Increases in the pool, including $110 million of principal additions and $153 million of net investment income, were mostly offset by distributions ($142 million) and expenses ($75 million). The long-term investment pool operates similar to a mutual fund, in that each named fund is assigned a number of shares in the pool. It includes the gifted endowment funds of the university, gifted endowment funds of the OSU Foundation, and operating funds which have been internally designated to function as endowments. The pool is invested in a diversified portfolio of equity and fixed-income securities, partnerships and hedge funds that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the university's mission.

The university has established a **securities lending program** through its custodian bank for the long-term investment pool. Securities loaned by the university are secured by collateral in the form of cash, equity, U.S. government obligations, and foreign government/private debt. The portion of this collateral that was received in cash totaled $38 million at June 30, 2015 and is reflected in the Statement of Net Position as a current asset and a corresponding current liability.

Other long-term investments are non-unitized investments that relate primarily to gift arrangements between donors and the OSU Foundation and long-term investments of operating funds. These investments increased $9 million, to $93 million, at June 30, 2015.

Capital assets, which include the university's land, buildings, improvements, equipment and library books, grew $310 million, to $4.80 billion at June 30, 2015. The university depreciates its capital assets on a straight-line basis, using estimated useful lives ranging from 5 years (for computer equipment and software) to 100 years (for certain building components such as foundations).

The most significant project completed in 2015 was the 21-story, $1.1 billion new facility for the James Cancer Hospital and Solove Research Institute and Critical Care Center (James). The university financed the medical center project with a combination of bonds ($925 million), private gifts ($75 million) and a $100 million federal grant. The James is one of only 45 National Cancer Institutes (NCI), and the only program in the United States that is aligned with a nationally ranked academic medical center and freestanding cancer hospital on the campus of one of the nation's largest public universities.

Also completed in 2015 was the $129 million, 225,000 square foot Chemical and Bio-molecular Engineering and Chemistry Building (CBEC). The CBEC, located in the Academic Core North, includes laboratories, faculty offices, and seminar rooms to support intensive research in the areas of chemistry and chemical bio-molecular engineering, nano/bioscience and technology, energy-related materials, and energy and the environment.

Major infrastructure improvements completed in 2015 include the $69 million initial phase of the East Regional Chiller Plant project which constructed a regional chiller plant on North High Street to serve buildings in the North Academic Core district. The project continues into 2016 with $17 million of improvements to construct new and replacement tunnels to service the district.

In addition, several major construction projects are currently underway or in advanced planning stages, including:

- North Residential District Transformation (NRDT) – The $370 million NRDT project will construct new housing and support facilities for sophomore students in the north campus area. Enabling project work began Summer 2013, and the project is slated for completion Fall Semester 2016.

- Jameson Crane Sports Medicine Institute—The $45 million project, slated for completion in the fall of 2016, will construct a state of the art, comprehensive sports medicine facility housing 15 interdisciplinary specialties and 160 sports medicine faculty and staff.

- Veterinary Hospital– Currently in its construction phase, the $30 million project will renovate approximately 97,000 square feet of the existing facility and will add 12,000 square feet of new space. The project is slated for completion in December 2015.

- Arts & Science Academic Buildings—The $59 million project will renovate Pomerene, Baker, and Oxley Halls to accommodate academic programs. The first phase of the project, Baker Commons, is slated for completion in the Spring 2018.

- Infrastructure Improvements – The $37 million Cannon Drive Relocation project, currently in its design phase, will relocate the road to the west of its current location to create 12 new acres of developable land for future medical center growth.

The university's estimated future capital commitments, based on contracts and purchase orders, total approximately $320 million at June 30, 2015.

Accounts payable and accrued expenses increased $56 million, to $447 million at June 30, 2015, primarily due to increases in payables to vendors for supplies and services (up $25 million) and payables for retirement contributions (up $16 million). **Deposits and advance payments for goods and services** increased $32 million, to $262 million, primarily due to a combination of advance payments on grants and contracts (up $15 million) and advance payments for departmental and auxiliary sales and services (up $9 million).

University debt, in the form of **bonds, notes and capital lease obligations**, increased $236 million, to $2.84 billion at June 30, 2015. On October 9, 2014, the university closed on $136 million in tax-exempt Fixed Rate General Receipts Bonds (Series 2014A) and $150 million in tax-exempt Variable Rate General Receipts Bonds (Series 2014B1 and B2). The Series 2014A bonds have annual principal payments until final maturity on December 1, 2044, with interest rates ranging from 2.00% to 5.00%. The Series 2014B1 and B2 bonds have principal payments on December 1, 2034, 2039 and 2044. The initial interest rate was 0.04% and is subject to a rate reset on a weekly basis.

The university's plant debt includes variable rate demand bonds that mature at various dates through 2035. GASB Interpretation 1*, Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the statement of net position classification of these bonds. Under GASB Interpretation 1, outstanding principal balances on variable rate demand bonds may be classified as noncurrent liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have "take-out agreements" in place per the GASB Interpretation 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. These obligations totaled $596 million and $446 million at June 30, 2015 and 2014, respectively.

In 2015, the university adopted a new pension accounting standard, GASB Statement No. 68. This standard requires governmental employers participating in defined-benefit pension plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. These liabilities are referred to as net pension liabilities. The university participates in two multi-employer cost-sharing retirement systems, OPERS and STRS-Ohio. Under GASB 68, the university is required to record a liability for its proportionate share of the net pension liabilities of the retirement systems. The university's share of these **net pension liabilities** was $2.13 billion at June 30, 2015. Although most year-to-year changes in net pension liabilities are charged directly to pension expense, certain types of changes are deferred and recognized as pension expense in future periods. Pension-related deferred outflows and deferred inflows at June 30, 2015 totaled $219 million and $219 million, respectively. The university recognized total pension expense of $253 million in 2015. Total pension expense includes $287 million of employer contributions and a negative $34 million in GASB 68 accruals.

It should be noted that, in Ohio, employer contributions to the state's cost-sharing multi-employer retirement systems are established by statute. These contributions, which are payable to the retirement systems one month in arrears, constitute the full legal claim on the university for pension funding. Although the liabilities recognized under GASB 68 meet the GASB's definition of a "liability" in its conceptual framework for accounting standards, they do not represent legal claims on the university's resources, and there are no cash flows associated with the recognition of net pension liabilities, deferrals and expense.

Other (non-pension) **deferred inflows** consist primarily of the unamortized proceeds of the parking service concession arrangement. The parking deferred inflows, which totaled $455 million at June 30, 2015, are being amortized to operating revenue on a straight-line basis over the 50-year life of the agreement. In addition, the deferred inflows include $20 million of deferred gains on debt-related transactions.

Prior-Year Highlights: ***In 2014***, the fair value of the university's long-term investment pool increased $465 million, to $3.61 billion, primarily due to $577 million of net investment income. Capital assets increased $357 million, to $4.49 billion, reflecting capital expenditures for the Medical Center Expansion, the Chemical and Bio-molecular Engineering and Chemistry Building and infrastructure improvements. ***In 2013***, the university entered into a 50-year lease and concession agreement with QIC Global Infrastructure (and its local affiliate, CampusParc) to operate, maintain and retain parking revenues from the university's parking lots and garages. The proceeds from the agreement, which totaled $483 million, were used to establish quasi-endowment funds and were recorded as a deferred inflow. Total plant debt increased $260 million, to $2.67 billion, reflecting the issuance of $338 million of Special Purpose General Receipts Bonds, which are secured by a pledge of housing, dining and recreational facilities revenues. The new issuance was partially offset by a $75 million defeasance of debt related to parking facilities. Total unrestricted and restricted-expendable net position increased $68 million, to $2.39 billion.

Statement of Revenues, Expenses and Other Changes in Net Position

Summary of Revenues, Expenses and Changes in Net Position *(in thousands)*

	2015	2014	2013
Operating Revenues:			
Tuition and fees, net	$ 850,289	$ 815,743	$ 816,761
Grants and contracts	645,352	617,091	597,201
Auxiliary enterprises sales and services, net	261,351	228,997	222,014
OSU Health System sales and services, net	2,357,824	2,120,891	2,018,724
Departmental sales and other operating revenues	181,532	207,502	190,049
Total operating revenues	4,296,348	3,990,224	3,844,749
Operating Expenses:			
Educational and general	2,238,622	2,280,135	2,158,149
Auxiliary enterprises	248,879	241,915	242,376
OSU Health System	1,970,124	1,839,645	1,796,581
Depreciation	335,881	260,367	257,606
Total operating expenses	4,793,506	4,622,062	4,454,712
Net operating income (loss)	(497,158)	(631,838)	(609,963)
Non-operating revenues (expenses):			
State share of instruction and line-item appropriations	435,824	440,924	432,652
Gifts - current use	163,800	138,230	122,208
Net investment income (loss)	173,295	620,605	386,516
Grants, interest expense and other non-operating	12,282	12,978	(8,483)
Net non-operating revenue	785,201	1,212,737	932,893
Income (loss) before other changes in net position	288,043	580,899	322,930
State capital appropriations	40,868	54,808	75,127
Private capital gifts	1,688	5,486	41,176
Additions to permanent endowments	60,792	54,309	57,480
Transfers to primary institution	27,413	1,433	15,967
Total other changes in net position	130,761	116,036	189,750
Increase (decrease) in net position	418,804	696,935	512,680
Net position - beginning of year	6,637,119	5,940,184	5,427,504
Cumulative effect of accounting change	(2,164,472)	-	-
Net position - end of year	$ 4,891,451	$ 6,637,119	$ 5,940,184

Net **tuition and fees** increased $35 million, to $850 million in 2015, primarily due to a 7% increase in non-resident enrollments. Resident enrollments declined 1%. The university did not increase its undergraduate instructional and mandatory fees for fiscal 2015.

Operating **grant and contract revenues** increased $28 million, to $645 million in 2015. Private grant and contract revenues were up $30 million, including a $15 million increase in fixed-price and other industry research grants and a $13 million increase in OhioLink contract revenues. State grants and contracts were up $16 million, reflecting increases in grant funding from the Ohio Department of Medicaid Services, the Ohio Department of Education and the state eTextbook program. These increases were partially offset by a $17 million reduction in federal grants and contracts. The decreases were spread across several agencies, including the National Institutes of Health, Department of Energy and the Health

Resources and Services Administration. Total revenues for sponsored research programs administered by the Office of Sponsored Programs increased $11 million, to $506 million.

Educational and general expenses decreased $42 million, or 2%, to $2.24 billion in 2015. Additional details are provided below.

Educational and General Expenses *(in thousands)*	2015	2014	2013
Instruction and departmental research	$ 940,105	$ 938,385	$ 906,339
Separately budgeted research	434,624	437,497	413,985
Public service	131,965	131,389	96,578
Academic support	192,140	188,641	170,142
Student services	100,229	96,892	94,237
Institutional support	230,749	278,052	271,737
Operation and maintenance of plant	95,866	98,678	93,767
Scholarships and fellowships	112,944	110,601	111,364
Total	$ 2,238,622	$ 2,280,135	$ 2,158,149

Institutional support expenses decreased $47 million in 2015, due to a combination of reduced central expenses for employee benefits and reductions in central information technology project costs. Other educational and general expense categories were relatively flat, reflecting limited increases in tuition, state support and other sources of general university operating revenues.

Auxiliary revenues increased $32 million, to $261 million in 2015. Revenue growth was primarily in Athletics, which saw revenue increases from premium ticket pricing, increased seating capacity in Ohio Stadium and a second bowl game, and Housing & Dining. **Auxiliary expenses** were relatively flat, increasing $7 million, to $249 million.

Consolidated **Health System** operating revenues grew $237 million, to $2.36 billion in 2015, driven primarily by increased volume related to the opening of the new James Cancer Hospital, an increase in the insured population and reduced self-pay, and Medicaid expansion. Consolidated operating expenses (excluding depreciation, interest and transfers) increased $130 million, to $1.97 billion, reflecting the opening of the new James Cancer Hospital and solid expense management. An in-depth look at the Health System is provided below.

The Health System operates nearly 1,300 inpatient beds and serves as a major tertiary and quaternary referral center for Ohio and the Midwest. Its six Signature Programs earn international distinction in Cancer, Critical Care, Imaging, Heart, Neurosciences, and Transplantation. The Wexner Medical Center delivers superior patient care, quality outcomes, and patient safety and has been recognized by US News and World Report for 23 consecutive years as one of "America's Best Hospitals" and has seven nationally ranked specialties and is recognized as high-performing in five others. The Medical Center is ranked first in central Ohio and leads the region for the twenty-third year in a row for strong commitment to serving the healthcare needs of the people of Ohio. It is one of 12 medical centers in the nation delivering the highest quality of care based on results of a study commissioned by the University Health System Consortium (UHC).

The Health System works with a strong physician group that provides exceptional patient care. Of the central Ohio honorees listed on "Best Doctors in America" list, 79% were Ohio State faculty. The Wexner Medical Center is the Midwest's highest ranked hospital for safety and patient care.

The Health System completed the largest capital project in the history of The Ohio State University in 2015. Included in the project was the construction of the new Arthur G. James Cancer Hospital and Richard J. Solove Research Institute. The new tower is a transformational facility that fosters the collaboration and integration of cancer research and clinical cancer care. The James is the largest cancer hospital in the Midwest and the third largest in the nation. The new 21-level tower opened in December of fiscal 2015 and has 14 operating rooms and 306 inpatient beds.

In 2015, the Health System continued "creating the future of medicine to improve people's lives" and remained financially sound due to solid activity levels and strong expense management. Inpatient admissions increased 2.1% compared with prior year. Consistent with industry trends, the patient environment continues to experience strong movement to an outpatient setting and to an increased use of observation beds. Outpatient visits increased 4.5% and total observation patients increased 9.4% over the previous year. The Health System continued its ambulatory expansion strategy and meeting the needs of the community by opening Healthy New Albany and breaking ground for future sites of the Upper Arlington outpatient facility in Kingsdale and The Jameson Crane Sports Medicine Institute.

The Health System continued to experience strong volumes in cancer, cardiovascular, obstetric, open heart surgery, orthopedic, medicine, and neurological service lines, which contributed to increases in revenues, average daily census, and increased observation patients.

Changes to Net Position included $136.9 million reinvested back into research, education, and programs at the Medical Center. In December of 2010, the Health System was awarded a $100 million grant from The Health Resources and Services Administration (HRSA), an Agency of the U.S. Department of Health & Human Services, in support of the new tower construction. Approximately $20.9 million of the total grant was recognized under Capital Contributions as a change in Net Position in 2015, $23.3 million in 2014, and $23.1 million in 2013. Additionally, $1.6 million in 2015, $9.3 million in 2014, and $20.7 million in 2013 of other restricted expendable funds and pledges (in support of the tower and other initiatives) have been recorded. In total, after accounting for these changes and the impact of the Health System's operating results, the Health System's Net Position increased $218.5 million in 2015, $141.6 million in 2014 and $134.7 million in 2013.

As with other healthcare providers, The Health System is being challenged by the enactment of healthcare reform. The impact of insurance exchanges, managed care rates, and Medicaid expansion continues to cause uncertainty in the environment for hospitals nationwide. The Medical Center continues to position itself to thrive in the changing market, as it has successfully done in the past.

The Health System is placing significant focus on efficiency and cost reduction and will aggressively control expenses as reimbursements come under pressure. Key in these initiatives is the creation of value through continued use of evidenced based practice, effective patient management during and after the hospital experience, and the use of electronic medical record systems to reduce unnecessary treatment and costs. The Health System has effectively controlled and reduced costs of supplies and will continue to do so through aggressive contracting, standardization, and strategic sourcing. Significant effort is being placed in streamlining and refining revenue cycle activities. Ohio State University Physicians (OSUP) implemented the Epic Physician Billing system in fiscal 2015 and had it integrated within the Health System's Epic patient and revenue cycle systems. Activities such as centralized patient scheduling, insurance precertification, payment at point of service and other administrative activities are consolidated across the Medical Center.

Despite the challenges and the changing healthcare environment, the Health System expects to improve its financial position and operating results during the upcoming year, and will continue to play a key role in supporting the Medical Center and in its status as a leading academic medical center.

Revenues and operating expenses of **OSU Physicians, Inc.** (OSUP), the University's central practice group for physician faculty members of the College of Medicine and Public Health, continued to grow in 2015. Total consolidated operating revenues increased $49 million, to $406 million, as a result of increased patient volumes. Total consolidated OSUP expenses (excluding depreciation and interest) increased $31 million to $374 million in 2015. These figures are included in the Discretely Presented Component Units columns of the university's financial statements.

Total state operating support decreased $5 million, to $436 million, in 2015, reflecting a 1% decrease in **state share of instruction. State line-item appropriations** were flat.

Total **gifts** to the university increased $28 million, to $226 million in 2015. The increase relates primarily to current use gifts, which were up $26 million over 2014. During 2015, over 237,000 alumni and friends made gifts to the University, up from 233,000 in 2014.

University investments yielded $173 million of **net investment income** in 2015. The net investment income figure includes $89 million of interest and dividend income and an $84 million net increase in the fair value of university investments.

Fiscal 2015 was a challenging environment for investment markets, with high volatility, global equity and bond markets up only slightly, and commodities down 24%. Despite the challenging environment, the University's Long Term Investment Pool (LTIP) generated a net investment return of 3.81% in Fiscal 2015 vs. a benchmark return of 1.87%.

Top contributions to investment return came from U.S. equity-oriented funds, private equity partnerships, and real asset partnerships. Natural Resource funds and credit-oriented hedge funds were negative for the year.

Although global market uncertainties continue into Fiscal 2016, we will continue to focus on our highest conviction managers and the most compelling investment opportunities across asset classes and geographies. We are well positioned to take advantage of opportunities and/or market corrections.

The LTIP is a well-diversified portfolio and the University's Investment Office is dedicated to focus on producing strong risk-adjusted rates of returns over time.

Prior-Year Highlights: ***In 2014,*** total net position for the primary institution increased $697 million, to $6.64 billion. Net investment income accounted for $621 million of the increase. Consolidated Health System operating revenues grew $102 million, to $2.12 billion in 2014, driven primarily by growth in outpatient revenues and a strong patient mix. Other sources of university operating revenues were flat or showed modest increases compared with 2013. ***In 2013,*** total net position (equity) for the primary institution increased $513 million, to $5.94 billion at June 30, 2013. Net investment income accounted for $387 million of the increase, reflecting strong 2013 returns for the university's Long Term Investment Pool.

Statement of Cash Flows

University Cash Flows Summary *(in thousands)*	2015	2014	2013
Net cash flows provided by (used in) operating activities	$ (125,919)	$ (365,550)	$ 82,605
Net cash flows from noncapital financing activities	727,630	706,323	664,464
Capital appropriations and gifts for capital projects	53,092	70,877	82,963
Proceeds from capital debt	300,820	-	499,398
Payments for purchase or construction of capital assets	(610,776)	(566,746)	(608,138)
Principal and interest payments on capital debt and leases, net of federal Build America Bond interest subsidies	(146,095)	(146,514)	(324,944)
Net cash flows provided by (used in) investing activities	(14,974)	70,687	(673,292)
Net increase (decrease) in cash	$ 183,778	$ (230,923)	$ (276,944)

University cash and cash equivalents increased $184 million in 2015. Net cash flows from operating activities increased $240 million, primarily due to increases in receipts for sales and services from the OSU Health System. Net cash flows from capital financing activities increased $257 million, reflecting the proceeds of the October 2014 bond issues. Total cash used by investing activities was $15 million, with net purchases of investments slightly exceeding receipts of investment income.

Economic Factors That Will Affect the Future

The university has made continued progress in executing its strategic plan to become the world's preeminent public comprehensive university. The university's strategic plan focuses on four core goals:

- **Teaching and Learning:** to provide an unsurpassed, student-centered learning experience led by engaged, world-class faculty and enhanced by a globally diverse student body.

- **Research and Innovation:** to create distinctive and internationally recognized contributions to the advancement of fundamental knowledge and scholarship, and solutions for the world's most pressing problems.

- **Outreach and Engagement:** to establish mutually beneficial partnerships with the citizens and institutions of Ohio, the nation, and the world, so that our communities are actively engaged in the exciting work of The Ohio State University.

- **Resource Stewardship:** to become the model for an affordable public university recognized for financial sustainability, unsurpassed management of human and physical resources, and operational efficiency and effectiveness.

In his March 2015 investiture address, the university's 15th president, Michael V. Drake, MD, set forth his 2020 Vision for the university. The 2020 Vision is focused on three key areas that underpin Ohio State's overarching academic mission:

- **Access, affordability and excellence** – the university must work to reduce student debt and provide access to an excellent and affordable education.

- **Community engagement** – the university must re-commit to its motto of Education for Citizenship, engaging with community partners to extend its scholarship with the full force an precision of one of the most powerful institutions in the world.

- **Diversity and inclusion** – the university must exemplify what it means to be an inclusive university in the 21st century, a place where diversity is a defining characteristic and source of strength.

President Drake has directed his senior leadership team to identify $200 million in administrative efficiencies and $200 million of new revenue generation over the next five years. The first targeted use of these resources will be to increase scholarship funding by $15 million for the 2015-2016 academic year, with an overall goal of increasing scholarship support by at least $100 million by 2020. This spring, the university also announced a comprehensive freeze on in-state undergraduate tuition, room and board. Other budget priorities for 2016 include a continuation of the university's commitment to hire 160 new faculty in disciplines that support the Discovery Themes (Health and Wellness, Energy and the Environment, and Food Production and Security), additional support for the colleges, funding for increased benefit costs and priority requests for academic support operations.

Based on what is now known regarding the university's financial outlook, university management anticipates that Ohio State will maintain its sound financial position in Fiscal Year 2016. However, the university does face certain financial challenges, including limited growth in tuition revenues, the impacts of a new funding model on state support and continued pressure on government expenditures for research.

The final state budget calls for a freeze on undergraduate instructional fees for all institutions, along with a corresponding increase in the State Share of Instruction (SSI). The SSI pool is expected to increase 4.7% in Fiscal Year 2016 and another 4.0% in Fiscal Year 2017. The new SSI funding model, which is in its third year, emphasizes degree completion as the main driver for funding, rewards institutions for retention of graduates in Ohio and recognizes the additional resources required to help at-risk students earn their degrees. The university continues to assess the impacts of the funding model change within the context of growth in distance education and other non-traditional programs across the state.

Total revenue for sponsored research programs administered by the Office of Sponsored Programs is expected to remain essentially flat in 2016. The university is working to mitigate downward trends in federal and state research support using two primary strategies. First, the university is working internally to increase the competitiveness of its researchers by facilitating multi-disciplinary research, establishing new research centers in emerging areas, creating a proposal development center and investing in cutting-edge core facilities. Second, the university is building external relationships to grow its federal research portfolio, expand strategic partnerships with industry and promote and develop the Ohio Technology Consortium (OH-TECH).

Despite the challenges and uncertainties outlined above, the university remains committed to executing its long-range strategic plan. By doing so, we believe that The Ohio State University will continue its progress towards becoming the world's preeminent comprehensive public university.

THE OHIO STATE UNIVERSITY
STATEMENTS OF NET POSITION
June 30, 2015 and June 30, 2014
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2015	2014	2015	2014	2015	2014
ASSETS AND DEFERRED OUTFLOWS:						
Current Assets:						
Cash and cash equivalents	$ 568,565	$ 324,919	$ 76,701	$ 57,851	$ 645,266	$ 382,770
Temporary investments	1,213,486	1,079,689	6,891	8,965	1,220,377	1,088,654
Accounts receivable, net	484,798	440,111	49,242	48,584	534,040	488,695
Notes receivable - current portion, net	23,223	22,798	-	448	23,223	23,246
Pledges receivable - current portion, net	29,805	25,451	-	-	29,805	25,451
Accrued interest receivable	20,346	20,599	-	-	20,346	20,599
Inventories and prepaid expenses	82,934	114,786	5,636	2,979	88,570	117,765
Investments held under securities lending program	37,806	-	-	-	37,806	-
Amounts due from (to) primary institution	(14,510)	(12,507)	14,510	12,507	-	-
Total Current Assets	2,446,453	2,015,846	152,980	131,334	2,599,433	2,147,180
Noncurrent Assets:						
Restricted cash	375,425	435,293	-	-	375,425	435,293
Notes receivable, net	45,634	47,335	1,417	3,286	47,051	50,621
Pledges receivable, net	72,623	69,824	-	-	72,623	69,824
Long-term investment pool	3,659,387	3,613,866	-	-	3,659,387	3,613,866
Other long-term investments	93,367	84,731	736	1,012	94,103	85,743
Capital assets, net	4,803,242	4,492,896	79,911	76,346	4,883,153	4,569,242
Total Noncurrent Assets	9,049,678	8,743,945	82,064	80,644	9,131,742	8,824,589
Total Assets	11,496,131	10,759,791	235,044	211,978	11,731,175	10,971,769
Deferred Outflows:						
Pension	218,985	-	40	-	219,025	-
Other deferred outflows	8,098	8,650	-	-	8,098	8,650
Total Deferred Outflows	227,083	8,650	40	-	227,123	8,650
Total Assets and Deferred Outflows	$ 11,723,214	$ 10,768,441	$ 235,084	$ 211,978	$ 11,958,298	$ 10,980,419
LIABILITIES, DEFERRED INFLOWS AND NET POSITION:						
Current Liabilities:						
Accounts payable and accrued expenses	$ 447,364	$ 391,064	$ 19,514	$ 21,116	$ 466,878	$ 412,180
Deposits and advance payments for goods and services	261,537	229,530	942	1,215	262,479	230,745
Current portion of bonds, notes and leases payable	59,484	57,730	816	892	60,300	58,622
Long-term bonds payable, subject to remarketing	596,435	446,435	-	-	596,435	446,435
Liability under securities lending program	37,806	-	-	-	37,806	-
Other current liabilities	68,942	65,822	-	-	68,942	65,822
Amounts due to (from) primary institution - current	(29,960)	(18,377)	29,960	18,377	-	-
Total Current Liabilities	1,441,608	1,172,204	51,232	41,600	1,492,840	1,213,804
Noncurrent Liabilities:						
Bonds, notes and leases payable	2,186,090	2,101,363	15,553	16,362	2,201,643	2,117,725
Net pension liability	2,130,432	-	296	-	2,130,728	-
Compensated absences	151,884	150,042	-	-	151,884	150,042
Self-insurance accruals	107,874	110,872	-	-	107,874	110,872
Amounts due to third-party payors - Health System	44,168	19,779	-	-	44,168	19,779
Obligations under annuity and life income agreements	26,504	32,047	-	-	26,504	32,047
Refundable advances for Federal Perkins loans	32,228	31,657	-	-	32,228	31,657
Other noncurrent liabilities	84,140	91,168	724	1,044	84,864	92,212
Amounts due to (from) primary institution - noncurrent	(66,416)	(62,260)	66,416	62,260	-	-
Total Noncurrent Liabilities	4,696,904	2,474,668	82,989	79,666	4,779,893	2,554,334
Total Liabilities	6,138,512	3,646,872	134,221	121,266	6,272,733	3,768,138
Deferred Inflows:						
Parking service concession arrangement	455,070	464,701	-	-	455,070	464,701
Pension	218,635	-	5	-	218,640	-
Other deferred inflows	19,546	19,749	-	-	19,546	19,749
Total Deferred Inflows	693,251	484,450	5	-	693,256	484,450
Net Position:						
Net investment in capital assets	2,340,342	2,320,611	56,460	53,815	2,396,802	2,374,426
Restricted:			-			
Nonexpendable	1,355,560	1,281,640	-	-	1,355,560	1,281,640
Expendable	993,000	999,029	-	-	993,000	999,029
Unrestricted	202,549	2,035,839	44,398	36,897	246,947	2,072,736
Total Net Position	4,891,451	6,637,119	100,858	90,712	4,992,309	6,727,831
Total Liabilities, Deferred Inflows and Net Position	$ 11,723,214	$ 10,768,441	$ 235,084	$ 211,978	$ 11,958,298	$ 10,980,419

The accompanying notes are an integral part of these financial statements.

THE OHIO STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET POSITION

Years ended June 30, 2015 and June 30, 2014
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2015	2014	2015	2014	2015	2014
Operating Revenues:						
Student tuition and fees (net of scholarship allowances of $171,707 and $164,008, respectively	$ 850,289	$ 815,743	$ -	$ -	$ 850,289	$ 815,743
Federal grants and contracts	322,266	339,011	8,636	9,100	330,902	348,111
State grants and contracts	88,052	71,970	-	-	88,052	71,970
Local grants and contracts	15,494	16,419	-	-	15,494	16,419
Private grants and contracts	219,540	189,691	37,221	36,725	256,761	226,416
Sales and services of educational departments	137,629	136,816	8,693	8,283	146,322	145,099
Sales and services of auxiliary enterprises (net of scholarship allowances of $24,538 and $23,368, respectively	261,351	228,997	-	-	261,351	228,997
Sales and services of the OSU Health System, net	2,357,824	2,120,891	-	-	2,357,824	2,120,891
Sales and services of OSU Physicians, Inc., net	-	-	405,619	356,503	405,619	356,503
Other operating revenues	43,903	70,686	-	509	43,903	71,195
Total Operating Revenues	4,296,348	3,990,224	460,169	411,120	4,756,517	4,401,344
Operating Expenses:						
Educational and General:						
Instruction and departmental research	940,105	938,385	5,445	5,157	945,550	943,542
Separately budgeted research	434,624	437,497	20,642	22,534	455,266	460,031
Public service	131,965	131,389	2,917	6,085	134,882	137,474
Academic support	192,140	188,641	-	-	192,140	188,641
Student services	100,229	96,892	-	-	100,229	96,892
Institutional support	230,749	278,052	7,185	6,899	237,934	284,951
Operation and maintenance of plant	95,866	98,678	7,017	6,659	102,883	105,337
Scholarships and fellowships	112,944	110,601	-	-	112,944	110,601
Auxiliary enterprises	248,879	241,915	-	-	248,879	241,915
OSU Health System	1,970,124	1,839,645	-	-	1,970,124	1,839,645
OSU Physicians, Inc.	-	-	373,658	342,565	373,658	342,565
Depreciation	335,881	260,367	6,315	6,540	342,196	266,907
Total Operating Expenses	4,793,506	4,622,062	423,179	396,439	5,216,685	5,018,501
Net Operating Income (Loss)	(497,158)	(631,838)	36,990	14,681	(460,168)	(617,157)
Non-operating Revenues (Expenses):						
State share of instruction and line-item appropriations	435,824	440,924	-	-	435,824	440,924
Federal subsidies for Build America Bonds interest	10,498	10,500	-	-	10,498	10,500
Federal non-exchange grants	57,393	52,892	-	-	57,393	52,892
State non-exchange grants	7,797	7,604	-	-	7,797	7,604
Gifts	163,800	138,230	-	-	163,800	138,230
Net investment income	173,295	620,605	183	182	173,478	620,787
Interest expense on plant debt	(69,758)	(54,103)	(477)	(686)	(70,235)	(54,789)
Other non-operating revenues (expenses)	6,352	(3,915)	1,125	2,626	7,477	(1,289)
Net Non-operating Revenue	785,201	1,212,737	831	2,122	786,032	1,214,859
Income before Other Changes in Net Position	288,043	580,899	37,821	16,803	325,864	597,702
Other Changes in Net Position						
State capital appropriations	40,868	54,808	-	-	40,868	54,808
Private capital gifts	1,688	5,486	-	-	1,688	5,486
Additions to permanent endowments	60,792	54,309	-	-	60,792	54,309
Transfers to (from) primary institution	27,413	1,433	(27,413)	(1,433)	-	-
Total Other Changes in Net Position	130,761	116,036	(27,413)	(1,433)	103,348	114,603
Increase in Net Position	418,804	696,935	10,408	15,370	429,212	712,305
Net Position - Beginning of Year						
Beginning of year, as previously reported	6,637,119	5,940,184	90,712	75,342	6,727,831	6,015,526
Cumulative effect of accounting change	(2,164,472)	-	(262)	-	(2,164,734)	-
Beginning of Year, as restated	4,472,647	5,940,184	90,450	75,342	4,563,097	6,015,526
Net Position - End of Year	$ 4,891,451	$ 6,637,119	$ 100,858	$ 90,712	$ 4,992,309	$ 6,727,831

The accompanying notes are an integral part of these financial statements.

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2015 and June 30, 2014
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Cash Flows from Operating Activities:						
Tuition and fee receipts	$ 755,893	$ 725,375	$ -	$ -	$ 755,893	$ 725,375
Grant and contract receipts	657,858	634,309	46,818	47,239	704,676	681,548
Receipts for sales and services	2,707,980	2,448,063	414,736	361,678	3,122,716	2,809,741
Payments to or on behalf of employees	(2,073,659)	(2,082,513)	(266,384)	(237,941)	(2,340,043)	(2,320,454)
University employee benefit payments	(610,685)	(608,638)	(62,704)	(58,092)	(673,389)	(666,730)
Payments to vendors for supplies and services	(1,498,386)	(1,472,266)	(92,355)	(97,488)	(1,590,741)	(1,569,754)
Payments to students and fellows	(103,701)	(101,251)	-	-	(103,701)	(101,251)
Student loans issued	(8,035)	(9,441)	-	-	(8,035)	(9,441)
Student loans collected	11,924	10,847	-	-	11,924	10,847
Student loan interest and fees collected	3,197	3,013	-	-	3,197	3,013
Other receipts	31,695	86,952	-	509	31,695	87,461
Net cash provided (used) by operating activities	(125,919)	(365,550)	40,111	15,905	(85,808)	(349,645)
Cash Flows from Noncapital Financing Activities:						
State share of instruction and line-item appropriations	435,824	440,924	-	-	435,824	440,924
Non-exchange grant receipts	65,190	60,496	-	-	65,190	60,496
Gift receipts for current use	157,720	134,639	-	-	157,720	134,639
Additions to permanent endowments	60,792	54,309	-	-	60,792	54,309
Drawdowns of federal direct loan proceeds	350,550	354,854	-	-	350,550	354,854
Disbursements of federal direct loans to students	(349,197)	(355,622)	-	-	(349,197)	(355,622)
Disbursement of loan proceeds to related organization	-	386	-	-	-	386
Repayment of loans from related organization	552	7,135	-	-	552	7,135
Amounts received for annuity and life income funds	1,874	2,440	-	-	1,874	2,440
Amounts paid to annuitants and life beneficiaries	(8,992)	(3,729)	-	-	(8,992)	(3,729)
Agency funds receipts	4,428	3,665	-	-	4,428	3,665
Agency funds disbursements	(3,662)	(3,342)	-	-	(3,662)	(3,342)
Other receipts (payments)	12,551	10,168	(12,551)	(10,168)	-	-
Net cash provided (used) by noncapital financing activities	727,630	706,323	(12,551)	(10,168)	715,079	696,155
Cash Flows from Capital Financing Activities:						
Proceeds from capital debt	300,820	-	-	-	300,820	-
State capital appropriations	43,421	57,929	-	-	43,421	57,929
Gift receipts for capital projects	9,671	12,948	-	-	9,671	12,948
Payments for purchase or construction of capital assets	(610,776)	(566,746)	(9,879)	(2,723)	(620,655)	(569,469)
Principal payments on capital debt and leases	(56,857)	(58,473)	(885)	(1,277)	(57,742)	(59,750)
Interest payments on capital debt and leases	(99,736)	(98,541)	(477)	(686)	(100,213)	(99,227)
Federal subsidies for Build America Bonds interest	10,498	10,500	-	-	10,498	10,500
Net cash used by capital financing activities	(402,959)	(642,383)	(11,241)	(4,686)	(414,200)	(647,069)
Cash Flows from Investing Activities:						
Net (purchases) sales of temporary investments	(133,795)	(70,454)	2,072	3,606	(131,723)	(66,848)
Proceeds from sales and maturities of long-term investments	817,204	981,378	-	-	817,204	981,378
Investment income	123,968	121,131	183	182	124,151	121,313
Purchases of long-term investments	(822,351)	(961,368)	276	517	(822,075)	(960,851)
Net cash provided (used) by investing activities	(14,974)	70,687	2,531	4,305	(12,443)	74,992
Net Increase (Decrease) in Cash	183,778	(230,923)	18,850	5,356	202,628	(225,567)
Cash and Cash Equivalents - Beginning of Year	760,212	991,135	57,851	52,495	818,063	1,043,630
Cash and Cash Equivalents - End of Period	$ 943,990	$ 760,212	$ 76,701	$ 57,851	$ 1,020,691	$ 818,063

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF CASH FLOWS, Cont'd
Years Ended June 30, 2015 and June 30, 2014
(in thousands)

	Primary Institution		Discretely Presented Component Units		Total University	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Reconciliation of Net Operating Income (Loss) to Net Cash Used by Operating Activities:						
Operating income (loss)	$ (497,158)	$ (631,838)	$ 36,990	$ 14,681	$ (460,168)	$ (617,157)
Adjustments to reconcile net operating income (loss) to						
net cash used by operating activities:						
Depreciation expense	335,881	260,367	6,315	6,540	342,196	266,907
Changes in assets and liabilities:						
Accounts receivable, net	(48,569)	(56,598)	(659)	(526)	(49,228)	(57,124)
Notes receivable, net	725	2,049	2,317	(1,306)	3,042	743
Accrued interest receivable	269	-	-	-	269	-
Deferred outflows	(68,057)	-	-	-	(68,057)	-
Inventories and prepaid expenses	31,852	(31,000)	(2,657)	(687)	29,195	(31,687)
Accounts payable and accrued liabilities	53,469	(7,456)	(1,602)	(2,479)	51,867	(9,935)
Self-insurance accruals	(2,998)	4,021	-	-	(2,998)	4,021
Amounts due to third-party payors - Health System	24,389	8,413	-	-	24,389	8,413
Deposits and advanced payments	20,163	49,873	(273)	138	19,890	50,011
Compensated absences	1,842	12,305	-	(43)	1,842	12,262
Refundable advances for Federal Perkins loans	571	212	-	-	571	212
Net pension liability	(184,971)	-	-	-	(184,971)	-
Deferred inflows	209,324	(9,631)	(320)	-	209,004	(9,631)
Other liabilities	(2,651)	33,734	-	(413)	(2,651)	33,321
Net cash provided (used) by operating activities	$ (125,919)	$ (365,550)	$ 40,111	$ 15,905	$ (85,808)	$ (349,645)
Non Cash Transactions:						
Capital Lease	$ -	$ 620	$ -	$ -	$ -	$ 620
Construction in Process in Accounts Payable	65,988	63,164	-	-	65,988	63,164
Stock Gifts	17,915	16,202	-	-	17,915	16,202

The accompanying notes are an integral part of these financial statements.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Organization

The Ohio State University (the "university") is a land grant institution created in 1870 by the Ohio General Assembly under provisions of the Morrill Act. The university is one of several state-supported universities in Ohio. It is declared by statute to be a body politic and corporate and an instrumentality of the State.

The university is governed by a Board of Trustees which is granted authority under Ohio law to do all things necessary for the proper maintenance and continual successful operation of the university. Trustees are appointed by the governor, with the advice and consent of the state Senate. In 2005, the Ohio General Assembly voted to expand the Board from 11 to 17 members. The standard term for voting members of the Board is nine years. However, as part of the transition to a larger board membership, the additional trustees appointed in 2005 and 2006 will serve terms ranging from four to eight years. The Board also includes two non-voting student trustees who are appointed to two-year terms.

In 2009, the Board appointed its first charter trustee, which expanded the Board to 18 members. A maximum of three charter trustees may be appointed and removed by a vote of the Board. Charter trustees, who must be non-Ohio residents, are appointed to three-year terms and do not have voting privileges.

The Board of Trustees has responsibility for all the university's financial affairs and assets. The university operates largely on a decentralized basis by delegating this authority to its academic and support departments. The Board must approve the annual budgets for unrestricted academic and support functions, departmental earnings operations and restricted funds operations, but these budgets are managed at the department level.

Basis of Presentation

The accompanying financial statements present the accounts of the following entities, which constitute the primary government for financial reporting purposes:

- The Ohio State University and its hospitals and clinics
- Ohio Agricultural Research and Development Center
- The Ohio Technology Consortium (OH-TECH)

In addition, these financial statements include component units -- legally separate organizations for which the university is financially accountable. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* as amended by Statement No. 61, *The Financial Reporting Entity: Omnibus*, defines financial accountability. The criteria for determining financial accountability include the following circumstances:

- Appointment of a voting majority of an organization's governing authority and the ability of the primary government (i.e. the university) to either impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or;

- An organization is fiscally dependent on the primary government and provides specific financial benefits to, or imposes specific financial burdens on, the primary government.

The university's component units and the reasons for their inclusion in the university's financial statements are described below:

- **The Ohio State University Foundation** – The fiscal dependency criteria apply to this not-for-profit fundraising organization, which operates exclusively for the benefit of The Ohio State University.
- **OSU Health Plan, Inc.** – The university appoints a voting majority of the board for this organization, which provides medical benefit plan administration services to the university and its faculty and staff.
- **Oval Limited** – The university holds all of the voting stock of this captive insurance entity, which was established by the university to provide medical malpractice coverage to physicians in the university's medical center.

The component units listed above provide services entirely, or almost entirely, to the university or otherwise exclusively, or almost exclusively, benefit the university. Therefore, the transactions and balances for these organizations have been blended with those of the university.

In addition to the blended component units described above, the university's financial statements include the following discretely presented component units:

- **The Ohio State University Physicians, Inc.** – The university appoints a voting majority of the board of the medical practice group for physician faculty members in the Colleges of Medicine and Public Health.
- **Campus Partners for Community Urban Redevelopment, Inc**. – The university appoints a voting majority of the board for this non-profit organization, which participates in the redevelopment of neighborhoods adjacent to the Columbus campus.
- **Transportation Research Center of Ohio, Inc.** – The university appoints a voting majority of the board for this automotive research and testing facility in East Liberty, Ohio.
- **Dental Faculty Practice Association, Inc.** – The university appoints a voting majority of the board for the dental practice group for faculty in the College of Dentistry.

Summary financial statement information for the university's blended and discretely presented component units is provided in Notes 19 and 20. Audited financial statements for component units considered to be material to the university may be obtained from the

Office of the Controller. A total university column in the financial statements is provided as memorandum only for purposes of additional analysis by users.

The university, as a component unit of the State of Ohio, is included as a discrete entity in the State of Ohio's Comprehensive Annual Financial Report.

Basis of Accounting

The financial statements of the university have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. The university is reporting as a special purpose government engaged in business type activities (BTA) on the accrual basis. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. In accordance with BTA reporting, the university presents Management's Discussion and Analysis; Statements of Net Position; Statements of Revenues, Expenses and Other Changes in Net Position; Statements of Cash Flows; and Notes to the Financial Statements. In the Financial Statements, separate columns are presented for the *primary institution* (which includes the primary government and the blended component units), *discretely presented component units* and the *total university*. The Notes to the Financial Statements include separate disclosures for the primary institution and the discretely presented component units, where relevant. Unless otherwise specified, the amounts presented in MD&A are those of the primary institution.

The university's financial resources are classified for accounting and reporting purposes into the following four net position categories:

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation, cash restricted for capital projects and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- **Restricted - nonexpendable:** Amounts subject to externally-imposed stipulations that they be maintained in perpetuity and invested for the purpose of generating present and future income, which may either be expended or added to the principal by the university. These assets primarily consist of the university's permanent endowments.

- **Restricted - expendable:** Amounts whose use is subject to externally-imposed stipulations that can be fulfilled by actions of the university pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted:** Amounts which are not subject to externally-imposed stipulations. Substantially all unrestricted balances are internally designated for use by university departments to support working capital needs, to fund related academic or research programs, and to provide for unanticipated shortfalls in revenues and deviations in enrollment.

Under the university's decentralized management structure, it is the responsibility of individual departments to determine whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted funds are available.

For internal financial management purposes, the university classifies financial resources into funds that reflect the specific activities, objectives or restrictions of the resources.

Cash and Investments

Cash and cash equivalents consist primarily of petty cash, demand deposit accounts, money market accounts, savings accounts and investments with original maturities of ninety days or less at the time of purchase. Such investments consist primarily of U.S. Government obligations, U.S. Agency obligations, repurchase agreements and money market funds. Restricted cash consists of bond proceeds restricted for capital expenditures. For purposes of the Statement of Cash Flows, "cash" is defined as the total of these two line items.

Investments are carried at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The average cost method is used for purposes of determining gains and losses on the sale of investments. The specific identification method is used for purposes of determining gains and losses on the sale of gifted securities.

The university holds investments in limited partnerships, private equity and other investments, which are carried at estimated fair value provided by the management of these limited partnerships. The purpose of this alternative investment class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes. Investments in these limited partnerships are fair valued based on the university's proportional share of the net asset value of the total fund. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material. As of June 30, 2015, the university has made commitments to limited partnerships totaling $518,100 that have not yet been funded. These commitments may extend for a maximum of ten years.

Investment in real estate is carried at cost, if purchased, or appraised value at the date of the gift. Holdings in real estate investment trusts (REITs) are carried at estimated fair values. The carrying and fair values of real estate at June 30, 2015 are $5,589 and $14,125, respectively. The carrying and fair values of real estate at June 30, 2014 are $4,873 and $13,713, respectively.

Investment income is recognized on an accrual basis. Interest and dividend income is recorded when earned.

Endowment Policy

All endowments are invested in the university's Long Term Investment Pool, which consists of more than 5,000 Board authorized funds. Each named fund is assigned a number of shares in the Long Term Investment Pool based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Ohio, permits the university's Board of Trustees to appropriate an amount of realized and unrealized endowment appreciation as the Board deems prudent. The UPMIFA, as adopted in Ohio, establishes a 5% safe harbor of prudence for funds appropriated for expenditure. Net realized and unrealized appreciation, after the spending rule distributions, is retained in the Long Term Investment Pool, and the associated net position is classified as restricted-expendable, unless otherwise restricted by the donor.

Annual distributions to named funds in the Long Term Investment Pool are computed using the share method of accounting for pooled investments. The annual distribution per share is 4.25% of the average fair value per share of the Long Term Investment Pool over the most recent seven year period.

At June 30, 2015, the fair value of the university's gifted endowments is $1,805,143, which is $318,259 above the historical dollar value of $1,486,884. Although the fair value of the gifted endowments in total exceeds the historical cost at June 30, 2015, there are 1,466 named funds that remain underwater. The fair value of these underwater funds at June 30, 2015 is $499,341, which is $48,910 below the historical dollar value of $548,251.

At June 30, 2014, the fair value of the university's gifted endowments was $1,768,771, which was $349,902 above the historical dollar value of $1,418,869. Although the fair value of the gifted endowments in total exceeded the historical cost at June 30, 2014, there were 1,212 named funds that were underwater. The fair value of these underwater funds at June 30, 2014 was $419,662, which was $40,773 below the historical dollar value of $460,435.

The depreciation on non-expendable endowment funds is recorded as a reduction to restricted non-expendable net position. Recovery on these funds is recorded as an increase in restricted non-expendable up to the historical value of each fund. Per UPMIFA (§ 1715.53(D)(C), the reporting of such deficiencies does not create an obligation on the part of the endowment fund to restore the fair value of those funds.

Gift Pledges Receivable

The university receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, endowment pledges are not recorded as assets until the related gift is received. An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible amounts and includes such factors as prior collection history, type of gift and nature of fundraising.

Inventories

The university's inventories, which consist principally of publications, general stores and other goods for resale by earnings operations, are valued at the lower of moving average cost or market. The inventories of the Health System, which consist principally of pharmaceuticals and operating supplies, are valued at cost on a first-in, first-out basis.

Capital Assets and Collections

Capital assets are long-life assets in the service of the university and include land, buildings, improvements, equipment, software and library books. Capital assets are stated at cost or fair value at date of gift. Depreciation of capital assets (excluding land and construction in progress) is provided on a straight-line basis over the following estimated useful lives:

Type of Asset	Estimated Useful Life
Improvements other than buildings	20 years
Buildings	10 to 100 years
Moveable equipment, software and furniture	5 to 15 years
Library books	10 years

The university does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any way. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

Advance Payments for Goods and Services

Advance payments for goods and services primarily consist of receipts relating to tuition, room, board, grants, contracts and athletic events received in advance of the services to be provided. Tuition and fees relating to the summer academic term are recorded as revenue in the year to which they pertain. The university will recognize revenue to the extent these services are provided over the coming fiscal year.

Derivative Instruments

The university accounts for all derivative instruments on the statement of net position at fair value. Changes in the fair value (i.e., gains or losses) of the university's interest rate swap derivative are recorded each period in the statement of operations and changes in net position as a component of other non-operating expense.

Operating and Non-Operating Revenues

The university defines operating activities, for purposes of reporting on the Statement of Revenues, Expenses, and Other Changes in Net Position, as those activities that generally result from exchange transactions, such as payments received for providing services and payments made for goods or services received. With the exception of interest expense on long-term indebtedness, substantially all university expenses are considered to be operating expenses. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations, current-use gifts and net investment income.

Tuition, Room and Board

Student tuition and residence hall fees are presented net of scholarships and fellowships applied to student accounts. Stipends and other payments made directly to students are presented as scholarship and fellowship expense. Fee authorizations provided to graduate teaching, research and administrative associates as part of an employment arrangement are presented in instruction, research and other functional categories of operating expense.

State Support

The university is a state-assisted institution of higher education which receives a student enrollment-based instructional subsidy from the State of Ohio. This subsidy, which is based upon a formula devised by the Ohio Board of Regents, is determined annually and is adjusted to state resources available.

The state also provides line-item appropriations which partially support the current operations of various activities, which include clinical teaching expenditures incurred at The Ohio State University Health System and other health sciences teaching facilities, The Ohio State University Extension, the Ohio Agricultural Research and Development Center, and the Center for Labor Research.

In addition to current operating support, the State of Ohio provides the funding for and constructs major plant facilities on the university's campuses, and this funding is recorded as state capital appropriations. The funding is obtained from the issuance of revenue bonds by the Ohio Public Facilities Commission (OPFC) which, in turn, initiates the construction and subsequent lease of the facility by the Ohio Board of Regents.

Such facilities are reflected as buildings or construction in progress in the accompanying statement of net position. Neither the obligations for the revenue bonds issued by OPFC nor the annual debt service charges for principal and interest on the bonds are reflected in the university's financial statements. Debt service is funded through appropriations to the Ohio Board of Regents by the General Assembly.

These facilities are not pledged as collateral for the revenue bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund and future payments to be received by such fund, which is established in the custody of the Treasurer of State.

Government Grants and Contracts

Government grants and contracts normally provide for the recovery of direct and indirect costs and are subject to audit by the appropriate government agency. Federal funds are subject to an annual OMB Circular A-133 audit. Recovery of related indirect costs is generally recorded at fixed rates negotiated for a period of one to three years.

The university generally considers grants, contracts and non-capital appropriations to be exchange transactions. Under these arrangements, the university provides a bargained-for benefit, typically in the form of instruction, research or public service programs, either directly to the funding entity or to its constituents. The overall scope and nature of these program activities is determined by the level of funding and the requirements set forth by these resource providers.

OSU Health System Revenue

Net patient service revenue represents amounts received and the estimated realizable amounts due from patients and third-party payers for services rendered net of contractual allowances, charity care and bad debt expenses. Revenue received under third-party cost reimbursement agreements (primarily the federal Medicare and Medicaid programs) are subject to examination and retroactive adjustments by the agencies administering the programs. In the normal course of business, the Health System contests certain issues resulting from examination of prior years' reimbursement reports. The accompanying financial statements include provisions for estimated retroactive adjustments arising from such examinations and contested issues. The Health System recognizes settlements of protested adjustments or appeals upon resolution of the matters.

OSU Physicians Revenue

Net patient service revenue represents amounts received and the estimated realizable amounts due from patients and third-party payers for services rendered net of contractual allowances, charity care and bad debt expenses. OSU Physicians (OSUP), a discretely presented component unit of the university, provides care to patients under various reimbursable agreements, including Medicare and Medicaid. These arrangements provide for payment for covered services at agreed-upon rates and under certain fee schedules and various discounts from charges. Provisions have been made in the financial statements for estimated contractual adjustments, representing the difference between the customary charges for services rendered and related reimbursement.

Charity Care and Community Benefit

Care is provided to patients regardless of their ability to pay. A patient is classified as charity care in accordance with policies established by the OSU Health System and OSUP. Because collection of amounts determined to qualify as charity care are not pursued, such amounts are written off as administrative adjustments and not reported as net patient service revenue. OSU Health System and OSUP maintain records to identify and monitor the level of charity care provided, including the amount of charges foregone for services rendered. Net charity care costs for the OSU Health System for the years ended June 30, 2015 and 2014 are $12,602 and $32,609, respectively, after applying reductions of $12,993 and $20,710, respectively, for support received under the Health Care Assurance Program (HCAP). HCAP is administered by the State of Ohio to help hospitals cover a portion of the cost of providing charity care. Charity care costs for OSUP for the years ended June 30, 2015 and 2014 are $6,743 and $15,026, respectively.

Management Estimates

The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures during the reporting period. Disclosure of contingent assets and liabilities at the date of the financial statements may also be affected. Actual results could differ from those estimates.

Implementation of GASB Statement No. 68

In fiscal year 2015, the university implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* as amended by GASB Statement No. 71. GASB Statement No. 68 requires employers participating in cost-sharing multiple-employer pension plans to recognize a proportionate share of the net pension liabilities of the plans. The university participates in two cost-sharing multiple-employer pension plans – the State Teachers Retirement System of Ohio and the Public Employees Retirement System of Ohio. A proportionate share of the net pension liabilities of the retirement systems has been allocated to the university, based on retirement plan contributions for university employees. The cumulative effect of adopting GASB Statement No. 68 was a $2,164,471 reduction in the university's net position as of July 1, 2014. Balances reported for the year ended June 30, 2014 have not been restated due to limitations on the information available from the retirement systems. Additional information regarding net pension liabilities, related deferrals and pension expense is provided in Note 15.

Newly Issued Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. Statement No. 72 expands the guidance on valuation of university investments, particularly alternative investments. It closely follows the Financial Accounting Standard Board's (FASB) valuation approach and disclosure requirements, including the categorization of investment fair value measurements into Levels 1, 2 and 3. Statement No. 72 will require additional disclosures, including a schedule of investments by type and level and additional details on investments that calculate Net Asset Value (NAV) per share. It is effective for periods beginning after June 15, 2015 (fiscal year 2016).

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Statement No. 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statement Nos. 67 and 68). The requirements in Statement No. 73 for reporting pensions generally are the same as in Statement 68. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2015 (fiscal year 2016)—except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after June 15, 2016 (fiscal year 2017).

In June 2015, the GASB issued Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement Nos. 74 and 75 establish new accounting and reporting standards for other postemployment benefits (OPEB), such as health insurance provided to retirees. Under the new standards, governments that participate in OPEB plans will be required to report in their statement of net position a net OPEB liability, which is the difference between the total OPEB liability and the assets set aside to pay OPEB. Statement No. 74, which applies to plans (such as OPERS and STRS-Ohio), is effective for periods beginning after June 15, 2016 (fiscal year 2017). Statement No. 75, which applies to plan participants (including the university), is effective for periods beginning after June 15, 2017 (fiscal year 2018).

In June 2015, the GASB issued Statement No. 76*, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* Statement No. 76 reduces the GAAP hierarchy for state and local governments to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category consists of GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is specifically cleared by the GASB. The new standard is effective for periods beginning after June 15, 2015 (fiscal year 2016).

University management is currently assessing the impact that implementation of GASB Statements No. 72, 73, 74, 75 and 76 will have on the university's financial statements.

Other

The university is exempt from income taxes as an instrumentality of the State of Ohio under Internal Revenue Code §115 and Internal Revenue Service regulations. Any unrelated business income is taxable.

NOTE 2 — CASH AND CASH EQUIVALENTS

At June 30, 2015, the carrying amount of the primary institution's cash, cash equivalents and restricted cash for all funds is $943,990 as compared to bank balances of $937,154. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, $27,838 is covered by federal deposit insurance and $909,316 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2014, the carrying amount of the primary institution's cash, cash equivalents and restricted cash for all funds is $760,212 as compared to bank balances of $754,462. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, $17,803 is covered by federal deposit insurance and $736,659 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2015, the carrying amount of the discretely presented component units' cash, cash equivalents and restricted cash for all funds is $76,701 as compared to bank balances of $66,246. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, $5,427 is covered by federal deposit insurance and $60,819 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

At June 30, 2014, the carrying amount of the discretely presented component units' cash, cash equivalents and restricted cash for all funds is $57,851 as compared to bank balances of $47,964. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, $4,963 is covered by federal deposit insurance and $43,001 is uninsured but collateralized by pools of securities pledged by the depository banks and held in the name of the respective banks.

NOTE 3 — INVESTMENTS

University investments are grouped into three major categories for financial reporting purposes: Temporary Investments, the Long-Term Investment Pool and Other Long-Term Investments.

Temporary Investments are amounts available for current operations. The target is to maximize value while protecting the liquidity of the assets. Temporary Investments include the following instruments with varying maturities: obligations of the U. S. Treasury and other federal agencies and instrumentalities, municipal and state bonds, corporate bonds, certificates of deposit, commercial paper, repurchase agreements, money market funds and mutual funds.

The Long-Term Investment Pool is a unitized investment pool consisting of gifted endowment funds of the university, gifted endowment funds of the OSU Foundation, and quasi-endowment funds which are internally designated funds that are to function as endowments. The Long-Term Investment Pool operates with a long-term investment goal of preserving and maintaining the real purchasing power of the principal while allowing for the generation of a predictable stream of annual distribution. The university's Board of Trustees approved the following thematic asset classes, allocation ranges and benchmarks for the Long-Term Investment Pool:

Asset Class	Range	Benchmark
Global Equities	40-80%	MSCI All Country World Index (ACWI)
Global Credit	10-50%	Barclays U.S. Aggregate Bond Index
Real Assets	5-20%	U.S. Consumer Price Index (CPI) + 5%

The Global Equities category includes domestic equity, international equity, emerging market equity, hedged funds and private equity. The Global Credit category includes global fixed income and relative value/macro, credit oriented managers and private credit. The Real Assets category includes real estate and infrastructure funds.

Other Long-Term Investments are non-unitized investments that relate primarily to gift arrangements between donors and the OSU Foundation. Included in this category are charitable remainder trust assets invested in mutual funds, OSU Foundation interests in unitrust, gift annuities, annuity trust and pooled income agreements, life insurance policies for which the OSU Foundation has been named owner and beneficiary, and certain real estate investments. Also included in this category are investments in certain organizations that are affiliated with the OSU Health System.

U. S. Government and Agency securities are invested through trust agreements with banks who keep the securities in their safekeeping accounts at the Federal Reserve Bank in "book entry" form. The banks internally designate the securities as owned by or pledged to the university. Common stocks, corporate bonds and money market instruments are invested through trust agreements with banks who keep the investments in their safekeeping accounts at Northern Trust and BNY Mellon in "book entry" form. The banks internally designate the securities as owned by or pledged to the university.

The cash and cash equivalents amount represents cash held in the long-term investment pool by various investment managers. Such amounts were generated by gifts received throughout the fiscal year and sales of investments in the long-term investment pool. Subsequently, the cash and cash equivalents will be used to purchase long-term investments.

Total university investments by major category for the primary institution at June 30, 2015 and 2014 are as follows:

(dollars in thousands)

	Primary Institution 2015	Primary Institution 2014
Temporary Investments	$ 1,213,486	$ 1,079,689
Long-Term Investment Pool:		
Gifted Endowment - University	1,047,985	1,057,810
Gifted Endowment - OSU Foundation	757,158	710,961
Quasi Endowment - Operating	1,164,148	1,158,595
Quasi Endowment - Designated	690,096	686,500
Total Long-Term Investment Pool	3,659,387	3,613,866
Securities Lending Collateral Investments	37,806	-
Other Long-Term Investments	93,367	84,731
Total Investments	$ 5,004,046	$ 4,778,286

Total university investments by investment type for the primary institution at June 30, 2015 are as follows:

	Primary Institution				
	Temporary Investments	Long-Term Investment Pool	Other Long-Term Investments	Securities Lending Collateral Investments	Total
Common stock	$ 1	$ 478,379	$ -	$ -	$ 478,380
Equity mutual funds	92,463	152,063	24,532	-	269,058
U.S. government obligations	130,087	193,656	1,812	-	325,555
U.S. government agency obligations	89,413	-	-	-	89,413
Repurchase agreements	2,000	-	-	-	2,000
Corporate bonds and notes	767,080	-	231	-	767,311
Bond mutual funds	75,107	-	17,058	-	92,165
Foreign government bonds	16,454	-	-	-	16,454
Real estate	5	-	5,561	-	5,566
Partnerships and hedge funds	-	2,786,275	29,602	-	2,815,877
Commercial paper	25,763	-	-	-	25,763
Cash and cash equivalents	-	49,014	-	-	49,014
Other	15,113	-	14,571	-	29,684
Securities Lending Collateral Assets:					
Repurchase agreements	-	-	-	12,460	12,460
Variable rate notes	-	-	-	15,682	15,682
Commercial paper	-	-	-	5,128	5,128
Certificates of deposit	-	-	-	4,538	4,538
Cash and other adjustments	-	-	-	(2)	(2)
	$ 1,213,486	$ 3,659,387	$ 93,367	$ 37,806	$ 5,004,046

(dollars in thousands)

Total university investments by investment type for the primary institution at June 30, 2014 are as follows:

	Primary Institution			
	Temporary Investments	Long-Term Investment Pool	Other Long-Term Investments	Total
Common stock	$ -	$ 404,675	$ -	$ 404,675
Equity mutual funds	93,997	177,992	28,445	300,434
U.S. government obligations	101,634	10,686	1,891	114,211
U.S. government agency obligations	104,930	9,225	-	114,155
Repurchase agreements	800	-	-	800
Corporate bonds and notes	654,016	30,114	247	684,377
Bond mutual funds	82,230	51,271	21,247	154,748
Foreign government bonds	15,659	427	-	16,086
Real estate	5	-	5,131	5,136
Partnerships and hedge funds	-	2,836,312	12,033	2,848,345
Commercial paper	8,541	-	-	8,541
Cash and cash equivalents	-	92,211	-	92,211
Other	17,877	953	15,737	34,567
	$ 1,079,689	$ 3,613,866	$ 84,731	$ 4,778,286

The components of the net investment income for the primary institution are as follows:

	Interest and Dividends (net)	Net Increase (Decrease) in Fair Value of Investments	Net Investment Income (Loss)
Temporary Investments	$ 8,596	$ 10,978	$ 19,574
Long-Term Investment Pool	77,331	75,845	153,176
Other Long-Term Investments	2,831	(2,286)	545
Total 2015	$ 88,758	$ 84,537	$ 173,295
Total 2014	$ 96,343	$ 524,262	$ 620,605

Additional Risk Disclosures for Investments

Statements No. 3 and 40 of the Governmental Accounting Standards Board require certain additional disclosures related to the custodial, interest-rate, credit and foreign currency risks associated with deposits and investments.

(dollars in thousands)

Interest-rate risk – Interest-rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

The maturities of the university's interest-bearing investments for the primary institution at June 30, 2015 are as follows:

	Primary Institution				
		Investment Maturities (in years)			
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	$ 325,555	$ 18,432	$ 224,315	$ 82,808	$ -
U.S. government agency obligations	89,413	1,833	58,609	12,997	15,974
Repurchase agreements	2,000	2,000	-	-	-
Commercial paper	25,763	25,763	-	-	-
Corporate bonds	767,311	205,581	492,879	30,366	38,485
Bond mutual funds	92,165	21,527	33,287	27,499	9,852
Other governmental bonds	14,572	1,531	12,195	-	846
Foreign governmental bonds	16,454	7,096	9,052	306	-
Securities Lending Collateral:					
Repurchase agreements	12,460	12,460	-	-	-
Certificates of deposit	4,538	4,538	-	-	-
Commercial paper	5,128	5,128	-	-	-
Variable rate notes	15,682	15,080	602	-	-
Total	$ 1,371,041	$ 320,969	$ 830,939	$ 153,976	$ 65,157

The maturities of the university's interest-bearing investments for the primary institution at June 30, 2014 are as follows:

	Primary Institution				
		Investment Maturities (in years)			
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. government obligations	$ 114,211	$ 21,246	$ 89,100	$ 273	$ 3,592
U.S. government agency obligations	114,155	6,859	67,667	20,953	18,676
Repurchase agreements	800	800	-	-	-
Commercial paper	8,541	8,541	-	-	-
Corporate bonds	684,377	125,262	485,191	24,525	49,399
Bond mutual funds	154,748	21,253	45,402	23,149	64,944
Other governmental bonds	18,051	2,050	13,533	897	1,571
Foreign governmental bonds	16,086	2,203	13,155	301	427
Total	$ 1,110,969	$ 188,214	$ 714,048	$ 70,098	$ 138,609

(dollars in thousands)

Custodial credit risk – Custodial credit risk is the risk that, in the event of the failure of the custodian, university investments may not be recovered. It is the policy of the university to hold investments in custodial accounts, and the securities are registered solely in the name of the university. All investments are transacted with nationally reputable brokerage firms offering protection by the Securities Investor Protection Corporation.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. Credit quality information – as commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard & Poor's, or Fitch Ratings – provides a current depiction of potential variable cash flows and credit risk.

Per GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3,* securities with split ratings, or a different rating assignment, are disclosed using the rating indicative of the greatest degree of risk.

The credit ratings of the university's interest-bearing investments for the primary institution at June 30, 2015 are as follows:

	Primary Institution											
	Total	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Not Rated
U.S. government												
and agency obligations	$ 414,968	$ -	$ 413,772	$ 528	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 668
Repurchase agreements	2,000	-	-	-	-	-	-	-	-	-	-	2,000
Corporate bonds	767,311	83,411	131,000	319,689	182,628	30,932	9,022	-	-	-	-	10,629
Bond mutual funds	92,165	38,037	12,435	21,085	17,972	1,023	220	220	219	219	250	485
Foreign govt bonds	16,454	2,011	2,228	8,557	3,157	-	-	-	-	-	-	501
Commercial paper	25,763	-	-	-	-	-	-	-	-	-	-	25,763
Other govt bonds	14,572	-	7,168	4,437	2,967	-	-	-	-	-	-	-
Securities Lending Collateral:												
Repurchase agreements	12,460		-	-	-	-	-	-	-	-	-	12,460
Certificates of deposit	4,538	982	-	3,556	-	-	-	-	-	-	-	-
Commercial paper	5,128	763	408	3,957	-	-	-	-	-	-	-	-
Variable rate notes	15,682	358	7,006	8,318	-	-	-	-	-	-	-	-
Total	$ 1,371,041	$ 125,562	$ 574,017	$ 370,127	$ 206,724	$ 31,955	$ 9,242	$ 220	$ 219	$ 219	$ 250	$ 52,506

The credit ratings of the university's interest-bearing investments for the primary institution at June 30, 2014 are as follows:

	Primary Institution											
	Total	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Not Rated
U.S. government												
and agency obligations	$ 228,366	$ -	$ 226,193	$ 806	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,367
Repurchase agreements	800	-	-	800	-	-	-	-	-	-	-	-
Corporate bonds	684,377	79,301	109,281	295,614	162,954	27,538	4,922	217	-	-	44	4,506
Bond mutual funds	154,748	50,742	5,421	35,949	12,012	958	1,678	6,011	1,222	56	2,799	37,900
Foreign govt bonds	16,086	1,003	1,728	10,240	3,115	-		-	-	-	-	-
Commercial paper	8,541	-	-	7,941	600	-	-	-	-	-	-	-
Other govt bonds	18,051	2,507	7,599	7,166	779	-	-	-	-	-	-	-
Total	$ 1,110,969	$ 133,553	$ 350,222	$ 358,516	$ 179,460	$ 28,496	$ 6,600	$ 6,228	$ 1,222	$ 56	$ 2,843	$ 43,773

Foreign currency risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

(dollars in thousands)

At June 30, 2015, exposure to foreign currency risk for the primary institution is as follows:

	Primary Institution					
	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds and Notes	Foreign Government Bonds	Partnerships and Hedge Funds
Argentinian Peso	$ -	$ 1	$ -	$ -	$ -	$ -
Australian dollar	428	9,574	(291)	-	-	17,949
Bermudian dollar	-	4	-	-	-	-
Brazilian real	4,649	7,152	(260)	2,911	-	-
Canadian dollar	1,113	3,340	5	-	-	-
Chilean peso	-	1,578	-	-	-	-
Chinese yuan	-	2,877	(18)	-	-	-
Columbian peso	-	57	-	-	-	-
Czech Republic koruna	997	1,337	-	-	-	-
Danish krone	-	6,773	(5)	-	-	-
Egyptian pound	1,728	46	-	-	-	-
Euro	40,738	57,061	(304)	2,566	-	64,973
Great Britain pound sterling	34,153	48,884	43	2,039	-	15,035
Hong Kong dollar	9,661	14,922	15	-	-	-
Hungarian forint	-	6	-	-	-	-
Indian rupee	4,222	2,609	278	-	-	-
Indonesian rupiah	1,059	691	-	-	-	-
Israeli shekel	-	247	-	-	-	-
Japanese yen	18,545	33,586	64	-	-	-
Korean dollar	-	775	-	-	-	-
Macanese pataca	-	6	-	-	-	-
Malaysian ringgit	-	807	8	-	-	-
Mali West African CFA franc	-	4	-	-	-	-
Mexican peso	1,755	1,908	5	-	-	-
New Taiwan dollar	5,290	5,218	(5)	-	-	-
New Turkish lira	1,359	1,428	5	-	-	-
New Zealand dollar	-	87	(197)	-	-	-
Norwegian krone	964	1,614	-	-	-	-
Peruvian nuevo sol	-	12	-	-	-	-
Philippine peso	-	209	-	-	-	-
Polish zloty	-	165	(23)	-	-	-
Qatari rial	-	22	-	-	-	-
Russian ruble	-	435	(3)	-	-	-
Singapore dollar	-	8,357	(140)	-	-	-
South African rand	4,869	4,057	(10)	-	-	-
South Korean won	6,537	1,796	3	-	-	-
Swedish krona	1,272	2,379	8	-	-	-
Swiss franc	15,756	6,949	(8)	-	-	-
Thailand bhat	2,368	914	-	-	-	-
UAE dirham	1,536	658	-	-	-	-
Zambian kwacha	-	4	-	-	-	-
Total	$ 158,999	$ 228,549	$ (830)	$ 7,516	$ -	$ 97,957

(dollars in thousands)

At June 30, 2014, exposure to foreign currency risk for the primary institution is as follows:

	Primary Institution					
	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds and Notes	Foreign Government Bonds	Partnerships and Hedge Funds
Australian dollar	$ -	$ 5,793	$ 59	$ -	$ -	$ 22,624
Brazilian real	7,011	5,530	11	-	-	-
Canadian dollar	-	3,216	60	-	-	-
Chilean peso	-	4,674	-	-	-	-
Chinese yuan	-	1,885	1	-	-	-
Columbian peso	-	103	-	-	-	-
Czech Republic koruna	1,035	892	-	-	-	-
Danish krone	-	512	-	1,290	-	-
Egyptian pound	1,163	37	-	-	-	-
Euro	39,013	30,886	54	1,488	684	50,915
Great Britain pound sterling	33,353	35,301	92	45	-	113
Hong Kong dollar	8,900	8,363	-	-	-	-
Hungarian forint	-	4	-	-	-	-
Indian rupee	4,248	4,885	38	-	-	-
Indonesian rupiah	2,020	950	-	-	-	-
Israeli shekel	-	222	-	-	-	-
Japanese yen	18,213	24,271	24	-	-	-
Jordanian dinar	-	1,792	-	-	-	-
Malaysian ringgit	-	744	-	-	-	-
Mexican peso	656	800	-	-	-	-
Moroccan dirham	-	-	-	-	-	-
New Taiwan dollar	5,097	1,304	-	-	-	-
New Turkish lira	1,249	1,456	-	-	-	-
New Zealand dollar	-	56	30	-	-	-
Norwegian krone	1,061	1,275	28	-	-	-
Peruvian nuevo sol	-	50	-	-	-	-
Philippine peso	-	145	-	-	-	-
Polish zloty	-	156	-	-	-	-
Russian ruble	-	552	-	-	-	-
Singapore dollar	-	5,900	30	-	-	-
South African rand	5,193	3,009	(14)	-	-	-
South Korean won	9,371	1,592	30	-	-	-
Sri Lanka rupee	-	-	-	-	-	-
Swedish krona	3,291	3,754	28	-	-	-
Swiss franc	14,859	8,481	17	-	-	-
Thailand bhat	-	249	-	-	-	-
UAE dirham	1,640	51	-	-	-	-
Total	$ 157,373	$ 158,890	$ 488	$ 2,823	$ 684	$ 73,652

Securities Lending

The university has engaged in a securities lending program through its custodian bank of the long-term investment pool. Securities loaned at June 30, 2015 were comprised completely of equity, and these loans were secured by collateral in the form of cash, equity, U.S. government obligations, and foreign government/private debt. All loans must be secured by collateral amounting to no less than 102% of the current fair value of domestic securities loaned and no less than 105% of the current fair value of foreign securities loaned.

As of the financial statements' date, there was no credit risk on securities loaned due to the fair value of the collateral held being greater than the fair value of securities on loan to each individual broker. The university, the custodian, and the borrower each maintain the right to terminate a loan. Upon maturity or termination of a loan agreement, the custodian is contractually obligated to indemnify the university if the borrowers fail to return loaned securities and if liquidation of the collateral is insufficient to replace the value of the securities loaned. Noncash collateral cannot be pledged or sold by the university without a borrower's default. While earning fees received by the university during the loan period, cash collateral is simultaneously invested in short term, highly liquid securities in order to further increase interest earned while also matching a weighted average maturity of loans which is not to exceed 60 days. As of June 30, 2015, securities loaned by the university amounted to a fair value of $77,302 and were secured by collateral in the amount of $82,564. The portion of this collateral that was received in cash amounted to $37,806 and is reflected within the university's statement of net position as a current asset and a corresponding current liability.

(dollars in thousands)

NOTE 4 — ACCOUNTS, NOTES AND PLEDGES RECEIVABLE

Accounts receivable for the primary institution at June 30, 2015 and 2014 consist of the following:

	Primary Institution	
	2015	**2014**
Patient receivables - OSU Health System	$ 1,010,390	$ 868,912
Grant and contract receivables	88,433	86,015
Tuition and fees receivable	23,314	18,931
Receivables for departmental and auxiliary sales and services	51,390	52,200
State and federal receivables	8,140	12,046
Other receivables	85	112
Total receivables	1,181,752	1,038,217
Less: Allowances for doubtful accounts	696,954	598,106
Total receivables, net	$ 484,798	$ 440,111

Allowances for doubtful accounts consist primarily of patient receivables of the OSU Health System.

Notes receivable consist primarily of Perkins and health professions loans and are net of an allowance for doubtful accounts of $17,130 and $17,000 at June 30, 2015 and 2014, respectively. Federal capital contributions to the Perkins loan programs represent advances which are ultimately refundable to the federal government.

In accordance with GASB Statement No. 33*, Accounting and Reporting for Non-exchange Transactions*, the university has recorded $108,039 in non-endowment pledges receivable and a related allowance for doubtful accounts of $5,611 at June 30, 2015. The university recorded $99,646 in non-endowment pledges receivable and a related allowance for doubtful accounts of $4,371 at June 30, 2014.

(dollars in thousands)

NOTE 5 — CAPITAL ASSETS

Capital assets activity for the primary institution for the year ended June 30, 2015 is summarized as follows:

	Primary Institution			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 68,926	$ 18,598	$ 609	$ 86,915
Intangibles	18,413	-	-	18,413
Construction in progress	1,211,647	(879,301)	-	332,346
Total non depreciable assets	1,298,986	(860,703)	609	437,674
Capital assets being depreciated:				
Improvements other than buildings	508,330	222,467	451	730,346
Buildings and fixed equipment	4,592,063	1,025,531	10,053	5,607,541
Movable equipment, furniture and software	1,101,236	258,716	59,484	1,300,468
Library books	171,669	6,609	525	177,753
Total	6,373,298	1,513,323	70,513	7,816,108
Less: Accumulated depreciation	3,179,388	335,881	64,729	3,450,540
Total depreciable assets, net	3,193,910	1,177,442	5,784	4,365,568
Capital assets, net	$ 4,492,896	$ 316,739	$ 6,393	$ 4,803,242

The decrease in construction in progress of $879,301 in fiscal year 2015 represents the amount of capital expenditures for new projects of $561,719, net of assets placed in service of $1,441,020.

Capital assets activity for the primary institution for the year ended June 30, 2014 is summarized as follows:

	Primary Institution			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 69,191	$ -	$ 265	$ 68,926
Intangibles	18,413	-	-	18,413
Construction in progress	862,605	349,042	-	1,211,647
Total non depreciable assets	950,209	349,042	265	1,298,986
Capital assets being depreciated:				
Improvements other than buildings	499,119	11,730	2,519	508,330
Buildings and fixed equipment	4,444,865	175,671	28,473	4,592,063
Movable equipment, furniture and software	1,036,759	91,659	27,182	1,101,236
Library books	165,973	5,945	249	171,669
Total	6,146,716	285,005	58,423	6,373,298
Less: Accumulated depreciation	2,960,533	260,367	41,512	3,179,388
Total depreciable assets, net	3,186,183	24,638	16,911	3,193,910
Capital assets, net	$ 4,136,392	$ 373,680	$ 17,176	$ 4,492,896

(dollars in thousands)

The increase in construction in progress of $349,042 in fiscal year 2014 represents the amount of capital expenditures for new projects of $578,415, net of assets placed in service of $229,373.

Capital assets activity for the discretely presented component units for the year ended June 30, 2015 is summarized as follows:

	Discretely Presented Component Units			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 5,794	$ 5,050	$ -	$ 10,844
Intangibles	-	-	-	-
Construction in progress	15	567	-	582
Total non depreciable assets	5,809	5,617	-	11,426
Capital assets being depreciated:				
Improvements other than buildings	8,280	34	-	8,314
Buildings and fixed equipment	48,879	-	110	48,769
Movable equipment, furniture and software	63,089	2,572	(1,519)	67,180
Library books	-	-	-	-
Total	120,248	2,606	(1,409)	124,263
Less: Accumulated depreciation	49,711	6,315	248	55,778
Total depreciable assets, net	70,537	(3,709)	(1,657)	68,485
Capital assets, net	$ 76,346	$ 1,908	$ (1,657)	$ 79,911

Capital assets activity for the discretely presented component units for the year ended June 30, 2014 is summarized as follows:

	Discretely Presented Component Units			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 5,794	$ -	$ -	$ 5,794
Intangibles	-	-	-	-
Construction in progress	15	-	-	15
Total non depreciable assets	5,809	-	-	5,809
Capital assets being depreciated:				
Improvements other than buildings	7,421	859	-	8,280
Buildings and fixed equipment	48,604	275	-	48,879
Movable equipment, furniture and software	61,789	1,590	290	63,089
Library books	-	-	-	-
Total	117,814	2,724	290	120,248
Less: Accumulated depreciation	43,461	6,540	290	49,711
Total depreciable assets, net	74,353	(3,816)	-	70,537
Capital assets, net	$ 80,162	$ (3,816)	$ -	$ 76,346

(dollars in thousands)

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses for the primary institution at June 30, 2015 and 2014 consist of the following:

	Primary Institution	
	2015	2014
Payables to vendors for supplies and services	$ 293,477	$ 254,336
Accrued compensation and benefits	79,097	77,874
Retirement system contributions payable	42,596	26,371
Other accrued expenses	32,194	32,483
Total payables and accrued expenses	$ 447,364	$ 391,064

NOTE 7 – DEPOSITS AND ADVANCE PAYMENTS FOR GOODS AND SERVICES

Deposits and advance payments for goods and services for the primary institution at June 30, 2015 and 2014 consist of the following:

	Primary Institution	
	2015	2014
Current deposits and advance payments:		
Tuition and fees	$ 51,793	$ 44,947
Departmental and auxiliary sales and services	87,459	83,143
Affinity agreements	12,622	9,350
Grant and contract advances	93,542	78,378
Other deposits and advance payments	16,121	13,712
Total current deposits and advance payments	$ 261,537	$ 229,530
Other non-current deposits and advance payments:	$ 45,202	$ 58,297

NOTE 8 – SELF-INSURANCE ACCRUALS

The university maintains self-insurance programs for professional medical malpractice, employee health insurance and workers' compensation. Information on each of these programs is provided below.

Medical Malpractice

The university has established trusteed self-insurance funds for professional medical malpractice liability claims with a $4,000 limit per occurrence with no annual aggregate. The university self-insurance funds have insurance in excess of $4,000 per occurrence through Oval Limited, a blended component unit of the university. Effective July 1, 2008, Oval

(dollars in thousands)

Limited provides coverage with limits of $55,000 per occurrence and in the aggregate. Previous coverage levels for Oval Limited are as follows:

Accident Period for Oval	Gross Oval Limit (Occurrence and Annual Aggregate)
7/1/08 – 6/30/15	$55,000
7/1/06 – 6/30/08	$40,000
7/1/05 – 6/30/06	$35,000
7/1/02– 6/30/05	$25,000
7/1/97 – 6/30/02	$15,000
9/30/94 – 6/30/97	$10,000

The limits are in excess of underlying policies with limits ranging from $4,000 to $10,000 per occurrence and $18,000 in the aggregate. A portion of the risks written by Oval Limited to date is reinsured by three reinsurance companies. Oval Limited retains 50% of the first $15,000 of risk and cedes the remainder to Berkley Medical Excess Underwriters (rated A+ by A.M. Best). The next $20,000 is fully ceded to Lexington Insurance Company (rated A by A.M. Best). Above that, Oval Limited cedes the remaining $20,000 of risk to Endurance Specialty Insurance Ltd. (rated A by A.M. Best). The estimated liability and the related contributions to the trustee fund are based upon an independent actuarial determination as of June 30, 2015. OSUP participates in the university self-insurance fund for professional medical malpractice liability claims.

The university's estimate of professional malpractice liability includes provisions for known claims and actuarially determined estimates of incurred but not reported claims and incidents. This liability at June 30, 2015 of the anticipated future payments on gross claims is estimated at its present value of $69,523 discounted at an estimated rate of 3.0% (university funds) and an additional $29,055 discounted at an estimated rate of 3.0% (Oval Limited).

Although actual experience upon the ultimate disposition of the claims may vary from this estimate, the self-insurance fund assets of $183,504 (which primarily consist of bond and equity mutual funds, money market funds and U.S. treasury notes) are more than the recorded liability at June 30, 2015, and the surplus of $84,925 is included in unrestricted net position.

At June 30, 2014, the anticipated future payments on gross claims was estimated at its present value of $69,806 discounted at an estimated rate of 3% (university funds) and an additional $31,771 discounted at an estimated rate of 3% (Oval Limited). The self-insurance fund assets of $177,023 (which primarily consist of bond and equity mutual funds, money market funds and U.S. treasury notes) were more than the recorded liability at June 30, 2014, and the surplus of $75,446 was included in unrestricted net position.

Employee Health Insurance

The university is also self-insured for employee health insurance. As of June 30, 2015 and 2014, $37,375 and $48,507, respectively is recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

(dollars in thousands)

Workers' Compensation

Effective January 1, 2013, the university became self-insured for workers' compensation. As of June 30, 2015 and 2014, respectively. $15,308 and $12,341 are recorded as a liability relating to both claims received but not paid and estimates of claims incurred but not yet reported.

Changes in reported self-insurance liabilities for the primary institution since June 30, 2013 result from the following activities:

	Malpractice		Health		Workers' Compensation	
	2015	2014	2015	2014	2015	2014
Liability at beginning of fiscal year	$ 101,577	$ 112,008	$ 48,507	$ 36,326	$ 12,341	$ 730
Current year provision for losses	109	(9,181)	288,281	310,968	(3,045)	8,566
Claim payments	(3,108)	(1,250)	(299,413)	(298,787)	6,012	3,045
Balance at fiscal year end	$ 98,578	$ 101,577	$ 37,375	$ 48,507	$ 15,308	$ 12,341

NOTE 9 — DEBT

The university may finance the construction, renovation and acquisition of certain facilities through the issuance of debt obligations which may include general receipts bonds, certificates of participation, commercial paper, capital lease obligations and other borrowings.

(dollars in thousands)

Debt activity for the primary institution for the year ended June 30, 2015 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes:					
WOSU	$ 2,621	$ -	$ 159	$ 2,462	$ 159
OH Air Quality Note Series A	4,234	-	395	3,839	401
OH Air Quality Note Series B	2,340	-	-	2,340	-
St. Stephens Church Note	2,937	-	66	2,871	69
General Receipts Bonds - Fixed Rate:					
2005A, due serially through 2035	47,400	-	11,360	36,040	2,725
2008A, due serially through 2028	137,410	-	13,245	124,165	13,835
2010A, due serially through 2020	174,660	-	28,620	146,040	28,850
2010C, due 2040	654,785	-	-	654,785	-
2010D, due serially through 2032	84,625	-	-	84,625	-
2011, due 2111	500,000	-	-	500,000	-
2012A, due 2030	90,500	-	-	90,500	7,630
2012B, due 2033	20,760	-	1,840	18,920	1,785
2014A, due serially through 2044	-	135,985	-	135,985	2,190
Special Purpose General Receipts Bonds - Fixed Rate:					
2013A, due 2043	337,955	-	-	337,955	-
General Receipts Bonds - Variable Rate:					
1997, due serially through 2027	17,160	-	-	17,160	17,160
1999B1, due serially through 2029	10,765	-	-	10,765	10,765
2001, due serially through 2032	53,035	-	-	53,035	53,035
2003C, due serially through 2031	51,975	-	-	51,975	51,975
2005B, due serially through 2035	71,575	-	-	71,575	71,575
2008B, due serially through 2028	91,925	-	-	91,925	91,925
2010E, due serially through 2035	150,000	-	-	150,000	150,000
2014AB, due serially through 2044	-	150,000	-	150,000	150,000
Capital Lease Obligations	8,446	-	2,057	6,389	1,840
	2,515,108	285,985	57,742	2,743,351	655,919
Unamortized Bond Premiums	90,420	14,835	6,597	98,658	-
Total outstanding debt	$ 2,605,528	$ 300,820	$ 64,339	$ 2,842,009	$ 655,919

(dollars in thousands)

Debt activity for the primary institution for the year ended June 30, 2014 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes:					
WOSU	$ 2,825	$ -	$ 204	$ 2,621	$ 159
OH Air Quality Note Series A	4,602	-	368	4,234	395
OH Air Quality Note Series B	2,340	-	-	2,340	-
St. Stephens Church Note	3,000	-	63	2,937	66
General Receipts Bonds - Fixed Rate:					
2005A, due serially through 2035	58,260	-	10,860	47,400	11,360
2008A, due serially through 2028	150,030	-	12,620	137,410	13,245
2010A, due serially through 2020	202,050	-	27,390	174,660	28,620
2010C, due 2040	654,785	-	-	654,785	-
2010D, due serially through 2032	84,625	-	-	84,625	-
2011, due 2111	500,000	-	-	500,000	-
2012A, due 2030	90,500	-	-	90,500	-
2012B, due 2033	22,600	-	1,840	20,760	1,840
Special Purpose General Receipts Bonds - Fixed Rate:					
2013A, due 2043	337,955	-	-	337,955	-
General Receipts Bonds - Variable Rate:					
1997, due serially through 2027	17,160	-	-	17,160	17,160
1999B1, due serially through 2029	10,765	-	-	10,765	10,765
2001, due serially through 2032	53,035	-	-	53,035	53,035
2003C, due serially through 2031	51,975	-	-	51,975	51,975
2005B, due serially through 2035	71,575	-	-	71,575	71,575
2008B, due serially through 2028	91,925	-	-	91,925	91,925
2010E, due serially through 2035	150,000	-	-	150,000	150,000
Capital Lease Obligations	14,231	620	6,405	8,446	2,045
	2,574,238	620	59,750	2,515,108	504,165
Unamortized Bond Premiums	96,646	-	6,226	90,420	-
Total outstanding debt	$ 2,670,884	$ 620	$ 65,976	$ 2,605,528	$ 504,165

Debt activity for the discretely presented component units for the year ended June 30, 2015 is as follows:

	Discretely Presented Component Units				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes:					
OSU Physicians - Series 2013 Health Care Facilities Revenue Bond, due through 2035	$ 14,785	$ -	$ 557	$ 14,228	$ 567
OSU Physicians - Term Loan Payable, due 2023	2,379	-	243	2,136	244
OSU Physicians - Fifth Third Letter of Credit	70	-	70	-	-
Capital Lease Obligations	20	-	15	5	5
Total outstanding debt	$ 17,254	$ -	$ 885	$ 16,369	$ 816

(dollars in thousands)

Debt activity for the discretely presented component units for the year ended June 30, 2014 is as follows:

	Discretely Presented Component Units				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Notes:					
Transportation Research Center - Capital One Funding Corporation, due through 2014	$ 332	$ -	$ 332	$ -	$ -
OSU Physicians - Series 2013 Health Care Facilities Revenue Bond, due through 2035	15,336	-	551	14,785	563
OSU Physicians - Term Loan Payable, due 2023	2,616	-	237	2,379	243
OSU Physicians - Term Note Payable, due 2013	22	-	22	-	-
OSU Physicians - Fifth Third Letter of Credit	-	80	10	70	70
Campus Partners - CCF Loan, City of Columbus	125	-	125	-	-
Capital Lease Obligations	101	-	81	20	16
Total outstanding debt	$ 18,532	$ 80	$ 1,358	$ 17,254	$ 892

Debt obligations are generally callable by the university, bear interest at fixed and variable rates ranging from 0% to 6% and mature at various dates through 2111. Maturities and interest on debt obligations for the next five years and in five-year periods for the primary institution are as follows:

(dollars in thousands)

	Primary Institution		
	Principal	Interest	Total
2016	$ 655,919	$ 99,590	$ 755,509
2017	62,213	96,709	158,922
2018	62,632	93,955	156,587
2019	48,461	91,606	140,067
2020	35,414	89,755	125,169
2021-2025	193,954	424,032	617,986
2026-2030	174,893	380,912	555,805
2031-2035	122,240	348,140	470,380
2036-2040	781,470	323,919	1,105,389
2041-2045	106,155	132,919	239,074
2046-2050	-	120,000	120,000
2051-2055	-	120,000	120,000
2056-2060	-	120,000	120,000
2061-2065	-	120,000	120,000
2066-2070	-	120,000	120,000
2071-2075	-	120,000	120,000
2076-2080	-	120,000	120,000
2081-2085	-	120,000	120,000
2086-2090	-	120,000	120,000
2091-2095	-	120,000	120,000
2096-2100	-	120,000	120,000
2101-2105	-	120,000	120,000
2106-2110	-	120,000	120,000
2111	500,000	24,000	524,000
	$ 2,743,351	$ 3,665,537	$ 6,408,888

Maturities and interest on debt obligations for the next five years and in five-year periods for the discretely presented component units are as follows:

(dollars in thousands)

	Discretely Presented Component Units		
	Principal	Interest	Total
2016	$ 829	$ 340	$ 1,169
2017	842	322	1,164
2018	860	304	1,164
2019	879	285	1,164
2020	898	266	1,164
2021-2025	4,165	641	4,806
2026-2030	3,702	231	3,933
2031-2035	4,194	1,040	5,234
	$ 16,369	$ 3,429	$ 19,798

General receipts bonds are backed by the unrestricted receipts of the university, excluding certain items as described in the bond indentures.

The outstanding bond indentures do not require mandatory reserves for future payment of principal and interest. However, the university has set aside $272,401 for future debt service which is included in unrestricted net assets.

The university has defeased various bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The defeased bonds for the primary institution are as follows:

	Amount Defeased	Amount Outstanding at June 30, 2015
General Receipts Bonds:		
Series 2008A	$ 18,195	$ 18,195
Series 2010A	13,050	13,050
Series 2010D	3,710	3,710
	$ 34,955	$ 34,955

Neither the outstanding indebtedness nor the related trust account assets for the above bonds are included in the university's financial statements.

Special-Purpose General Receipts Bonds

In January 2013, the university issued $337,955 of Special Purpose General Receipts Bonds, Series 2013A. These bonds are solely payable from, and secured by, a pledge of the gross revenues of Special Purpose Revenue Facilities. Special Purpose Revenue Facilities are defined in the Series 2013 Supplement as all housing and dining facilities and such auxiliary facilities as shall constitute recreation facilities owned by the university. The bond indenture agreement includes a debt covenant, requiring the university "to set rates, charges and fees in each Fiscal Year so as to cause Special Purpose Pledged Revenues to be in an amount not less than 1.10 times the aggregate debt service for the then-current Fiscal Year on all Special Purpose General Receipts Obligations". At June 30, 2015, the university is in compliance with this covenant. Condensed financial information for the Special Purpose Revenue Facilities is provided in Note 21.

(dollars in thousands)

Variable Rate Demand Bonds

Series 1997, 1999B1, 2001, 2003C, 2005B, 2008B, 2010E, 2014A and 2014B variable rate demand bonds bear interest at rates based upon yield evaluations at par of comparable securities. The maximum interest rate allowable and the effective average interest rate from issue date to June 30, 2015 are as follows:

Series:	Interest Rate Not to Exceed	Effective Average Interest Rate
1997	12%	1.620%
1999B1	12%	1.387%
2001	12%	1.161%
2003C	12%	1.512%
2005B	12%	1.086%
2008B	12%	0.287%
2010E	8%	0.093%
2014A	5%	0.037%
2014B	not specified	0.036%

At the discretion of the university, the interest rate on the bonds can be converted to a fixed rate. The bonds may be redeemed by the university or sold by the bondholders to a remarketing agent appointed by the university at any time prior to conversion to a fixed rate at a price equal to the principal amount plus accrued interest.

The university's variable rate demand bonds mature at various dates through 2044. GASB Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities*, provides guidance on the statement of net position classification of these bonds. Under GASB Interpretation No. 1, outstanding principal balances on variable rate demand bonds may be classified as non-current liabilities if the issuer has entered into a "take-out agreement" to convert bonds "put" but not resold into some other form of long-term obligation. In the absence of such an agreement, the total outstanding principal balances for these bonds are required to be classified as current liabilities.

Although it is the university's intent to repay its variable rate demand bonds in accordance with the maturities set forth in the bond offering circulars, the university does not have "take-out agreements" in place per the GASB Interpretation No. 1 requirements. Accordingly, the university has classified the total outstanding principal balances on its variable rate demand bonds as current liabilities. The obligations totaled $596,435 and $446,435 at June 30, 2015 and 2014, respectively.

(dollars in thousands)

Capital Lease Obligations

Some university equipment items and vehicles are financed as capital leases. The original cost and lease obligations related to these capital leases as of June 30, 2015 are $15,203 and $6,389, respectively. The original cost and lease obligations related to these capital leases as of June 30, 2014 are $32,288 and $8,446, respectively.

Capitalization of Interest

Interest incurred during the construction of capital assets is included in the cost of the asset when capitalized. Total interest costs incurred for the years ended June 30, 2015 and 2014 for the primary institution were $100,082 and $98,427, respectively. Of these amounts, interest of $30,324 and $44,324 was capitalized in the years ended June 30, 2015 and 2014. The remaining amounts, $69,758 in fiscal year 2015 and $54,103 in fiscal year 2014, are reported as interest expense in the statement of revenues, expenses and changes in net position.

NOTE 10 — OPERATING LEASES

The university leases various buildings, office space, and equipment under operating lease agreements. These facilities and equipment are not recorded as assets on the statement of net position. The total rental expense under these agreements was $24,760 and $25,562 for the years ended June 30, 2015 and 2014, respectively.

Future minimum payments for all significant operating leases with initial or remaining terms in excess of one year as of June 30, 2015 are as follows:

Year Ending June 30,	Primary Institution	Discretely Presented Component Units
2016	$ 17,625	$ 2,762
2017	13,826	2,509
2018	13,138	1,753
2019	12,220	738
2020	11,586	536
2021-2025	46,429	1,129
2026-2030	42,586	30
2031-2035	7,019	-
2036-2040	735	-
2041-2045	735	-
2046-2050	151	-
Total minimum lease payments	$ 166,050	$ 9,457

(dollars in thousands)

NOTE 11 — COMPENSATED ABSENCES

University employees earn vacation and sick leave on a monthly basis.

Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination.

Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the university with ten or more years of service with the state. The amount of sick leave benefit payable at retirement is one fourth of the value of the accrued but unused sick leave up to a maximum of 240 hours.

The university accrues sick leave liability for those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. This liability is calculated using the "termination payment method" which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, *Accounting for Compensated Absences*. Under the termination method, the university calculates a ratio, Sick Leave Termination Cost per Year Worked, that is based on the university's actual historical experience of sick leave payouts to terminated employees. This ratio is then applied to the total years-of-service for current employees.

Certain employees of the university (mostly classified civil service employees) receive compensation time in lieu of overtime pay. Any unused compensation time must be paid to the employee at termination or retirement.

NOTE 12 — OTHER LIABILITIES

Other liability activity for the primary institution for the year ended June 30, 2015 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 160,296	$ 20,532	$ 14,472	$ 166,356	$ 14,472
Self-insurance accruals	162,425	291,306	302,470	151,261	43,387
Amounts due to third party payors	19,779	52,862	19,830	52,811	8,643
Obligations under life income agreements	36,062	-	7,118	28,944	2,440
Refundable advances for Federal Perkins loans	31,657	1,142	571	32,228	-
Other noncurrent liabilities	91,168	-	7,028	84,140	-
	$ 501,387	$ 365,842	$ 351,489	$ 515,740	$ 68,942

(dollars in thousands)

Other liability activity for the primary institution for the year ended June 30, 2014 is as follows:

	Primary Institution				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 149,777	$ 20,773	$ 10,254	$ 160,296	$ 10,254
Self-insurance accruals	149,064	312,199	298,838	162,425	51,553
Amounts due to third party payors	15,007	16,087	11,315	19,779	-
Obligations under life income agreements	37,350	2,441	3,729	36,062	4,015
Refundable advances for Federal Perkins loans	31,445	424	212	31,657	-
Other noncurrent liabilities	61,349	29,819		91,168	-
	$ 443,992	$ 381,743	$ 324,348	$ 501,387	$ 65,822

NOTE 13 – RENTALS UNDER OPERATING LEASES

The university is the lessor of certain land, buildings, office and retail space under operating lease agreements. Future minimum rental income from non-cancelable operating leases for the primary institution as of June 30, 2015 is as follows:

Year Ending June 30,	
2016	$ 4,916
2017	3,898
2018	3,490
2019	3,043
2020	2,628
2021-2025	9,177
2026-2030	4,225
2031-2035	2,987
2036-2040	2,441
2041-2045	615
2046-2050	100
2051-2100	104
Total minimum future rentals	$ 37,624

NOTE 14 – OPERATING EXPENSES BY OBJECT

In accordance with requirements set forth by the Ohio Board of Regents, the university reports operating expenses by functional classification on the Statement of Revenues, Expenses and Other Changes in Net Position. Operating expenses by object for the primary institution for the years ended June 30, 2015 and 2014 are summarized as follows:

(dollars in thousands)

Year Ended June 30, 2015

	Primary Institution				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 823,329	$ 116,776	$ -	$ -	$ 940,105
Separately budgeted research	271,924	162,700	-	-	434,624
Public service	80,828	51,137	-	-	131,965
Academic support	148,655	43,485	-	-	192,140
Student services	75,245	24,984	-	-	100,229
Institutional support	130,756	99,993	-	-	230,749
Operation and maintenance of plant	32,789	63,077	-	-	95,866
Scholarships and fellowships	6,341	2,902	103,701	-	112,944
Auxiliary enterprises	142,037	106,842	-	-	248,879
OSU Health System	1,054,966	915,158	-	-	1,970,124
Depreciation	-	-	-	335,881	335,881
Total operating expenses	$ 2,766,870	$ 1,587,054	$ 103,701	$ 335,881	$ 4,793,506

Year Ended June 30, 2014

	Primary Institution				
	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 814,020	$ 124,365	$ -	$ -	$ 938,385
Separately budgeted research	278,517	158,980	-	-	437,497
Public service	78,556	52,833	-	-	131,389
Academic support	150,312	38,329	-	-	188,641
Student services	74,007	22,885	-	-	96,892
Institutional support	169,025	109,027	-	-	278,052
Operation and maintenance of plant	35,920	62,758	-	-	98,678
Scholarships and fellowships	7,190	2,160	101,251	-	110,601
Auxiliary enterprises	137,691	104,224	-	-	241,915
OSU Health System	1,026,145	813,500	-	-	1,839,645
Depreciation	-	-	-	260,367	260,367
Total operating expenses	$ 2,771,383	$ 1,489,061	$ 101,251	$ 260,367	$ 4,622,062

NOTE 15 — RETIREMENT PLANS

University employees are covered by one of three retirement systems. The university faculty is covered by the State Teachers Retirement System of Ohio (STRS Ohio). Substantially all other employees are covered by the Public Employees Retirement System of Ohio (OPERS). Employees may opt out of STRS Ohio and OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

(dollars in thousands)

STRS Ohio and OPERS each offer three separate plans: 1) a defined benefit plan, 2) a defined contribution plan and 3) a combined plan. Each of these three options is discussed in greater detail in the following sections.

Defined Benefit Plans

STRS Ohio and OPERS offer statewide cost-sharing multiple-employer defined benefit pension plans. STRS Ohio and OPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors. Both STRS Ohio and OPERS issue separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the two organizations.

STRS Ohio
275 East Broad Street
Columbus, OH 43215-3371
(614) 227-4090
(888) 227-7877
www.strsoh.org

OPERS, Attn: Finance Director
277 East Town Street
Columbus, OH 43215-4642
(614) 222-5601
(800) 222-7377
www.opers.org/investments/cafr.shtml

In accordance with GASB Statement No. 68, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension liabilities of the plans. Although changes in the net pension liability generally are recognized as pension expense in the current period, GASB 68 requires certain items to be deferred and recognized as expense in future periods. Deferrals for differences between projected an actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 9 years).

The collective net pension liabilities of the retirement systems and the university's proportionate share of these net pension liabilities as of June 30, 2015 are as follows:

	STRS-Ohio	OPERS	Total
Net pension liability - all employers	$ 24,323,461	$ 12,022,615	
Proportion of the net pension liability - university	4.4%	8.8%	
Proportionate share of net pension liability	$ 1,070,914	$ 1,059,518	$ 2,130,432

(dollars in thousands)

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2015:

	STRS-Ohio	OPERS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 10,310	$ -	$ 10,310
Net difference between projected and actual earnings on pension plan investments	-	57,206	57,206
University contributions subsequent to the measurement date	66,547	84,922	151,469
Total	**$ 76,857**	**$ 142,128**	**$ 218,985**
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ -	$ 20,512	$ 20,512
Net difference between projected and actual earnings on pension plan investments	198,123	-	198,123
Total	**$ 198,123**	**$ 20,512**	**$ 218,635**

Net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

	STRS-Ohio	OPERS	Total
2016	$ 19,593	$ 90,375	$ 109,968
2017	(46,953)	5,452	(41,501)
2018	(46,953)	12,643	(34,310)
2019	(46,953)	14,088	(32,865)
2020	-	(214)	(214)
2021 and Thereafter	-	(728)	(728)
Total	**$ (121,266)**	**$ 121,616**	**$ 350**

The following table provides additional details on the pension benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension liabilities for the retirement systems.

(dollars in thousands)

	STRS-Ohio	OPERS
Statutory Authority	Ohio Revised Code Chapter 3307	Ohio Revised Code Chapter 145
Benefit Formula	The annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective Aug. 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective Aug. 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 and five years of service on Aug. 1, 2026.	Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.
Cost-of-Living Adjustments	With certain exceptions, the basic benefit is increased each year by 2% of the original base benefit. For members retiring Aug. 1, 2013, or later, the first 2% is paid on the fifth anniversary of the retirement benefit.	Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit.

(dollars in thousands)

	STRS-Ohio	OPERS
Contribution Rates	Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. Through June 30, 2014, the employer rate was 14% and the member rate was 11% of covered payroll. The statutory employer rate for fiscal 2015 and subsequent years is 14%. The statutory member contribution rate increased by one percent July 1, 2014, and will be increased one percent each year until it reaches 14% on July 1, 2016.	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2014, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).
Measurement Date	June 30, 2014	December 31, 2014
Actuarial Assumptions	**Valuation Date:** July 1, 2014 **Actuarial Cost Method:** Individual entry age **Investment Rate of Return:** 7.75% **Inflation:** 2.75% **Projected Salary Increases:** 2.75% - 12.25% **Cost-of-Living Adjustments:** 2.00% Simple	**Valuation Date:** December 31, 2014 **Actuarial Cost Method:** Individual entry age **Investment Rate of Return:** 8.00% **Inflation:** 3.75% **Projected Salary Increases:** 4.25% - 10.05% **Cost-of-Living Adjustments:** 3.00% Simple
Mortality Rates	RP-2000 Combined Mortality Table (Projection 2022–Scale AA) for Males and Females. Males' ages are set back two years through age 89 and no setback for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and no set back from age 90 and above.	RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used set forward two years. For females, 100% of the disabled female mortality rates were used.
Date of Last Experience Study	July 1, 2012	December 31, 2010

(dollars in thousands)

	STRS-Ohio	OPERS
Investment Return Assumptions	The 10 year expected real rate of return on pension plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and long-term expected real rate of return for each major asset class are summarized as follows:	The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The following table displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

STRS-Ohio:

Asset Class	Target Allocation	Long Term Expected Return*
Domestic Equity	31.0%	8.00%
International Equity	26.0%	7.85%
Alternatives	14.0%	8.00%
Fixed Income	18.0%	3.75%
Real Estate	10.0%	6.75%
Liquidity Reserves	1.0%	3.00%
Total	100%	

* Returns presented as geometric means

OPERS:

Asset Class	Target Allocation	Long Term Expected Return*
Fixed Income	23.0%	2.31%
Domestic Equity	19.9%	5.84%
Real Estate	10.0%	4.25%
Private Equity	10.0%	9.25%
International Equity	19.1%	7.40%
Other Investments	18.0%	4.59%
Total	100.0%	

* Returns presented as arithmetic means

(dollars in thousands)

	STRS-Ohio	OPERS
Discount Rate	The discount rate used to measure the total pension liability was 7.75% as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014.	The discount rate used to measure the total pension liability was 8.0% for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in Discount Rate	STRS-Ohio 1% Decrease (6.75%)	STRS-Ohio Current Rate (7.75%)	STRS-Ohio 1% Increase (8.75%)	OPERS 1% Decrease (7.00%)	OPERS Current Rate (8.00%)	OPERS 1% Increase (9.00%)
	$ 1,533,130	$ 1,070,914	$ 680,034	$ 1,955,831	$ 1,059,519	$ 304,734

Defined Contribution Plans

ARP is a defined contribution pension plan. Full-time administrative and professional staff and faculty may choose enrollment in ARP in lieu of OPERS or STRS Ohio. Classified civil service employees hired on or after August 1, 2005 are also eligible to participate in ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

OPERS also offers a defined contribution plan, the Member-Directed Plan (MD). The MD plan does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

(dollars in thousands)

STRS Ohio also offers a defined contribution plan in addition to its long established defined benefit plan. Employer contributions at a rate of 9.5% and all employee contributions are placed in an investment account directed by the employee. Disability benefits are limited to the employee's account balance. Employees electing the defined contribution plan receive no post-retirement health care benefits.

Combined Plans

STRS Ohio offers a combined plan with features of both a defined contribution plan and a defined benefit plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits.

OPERS also offers a combined plan. This is a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits. OPERS provides retirement, disability, survivor and post-retirement health benefits to qualifying members of the combined plan.

Summary of Employer Pension Expense

Total pension expense for the year ended June 30, 2015, including employer contributions and accruals associated with recognition of net pension liabilities and related deferrals, is presented below. Pension expense is allocated to institutional functions on the Statement of Revenues, Expenses and Other Changes in Net Position.

	STRS-Ohio	OPERS	ARP	Total
Employer Contributions	$ 65,738	$ 170,979	$ 50,598	$ 287,315
GASB 68 Accruals	(15,237)	(19,152)		(34,389)
Total Pension Expense	**$ 50,501**	**$ 151,827**	**$ 50,598**	**$ 252,926**

Post-Retirement Health Care Benefits

STRS Ohio currently provides access to health care coverage to retirees who participated in the defined benefit or combined plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to ORC, STRS Ohio has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care costs in the form of monthly premiums. Under ORC, medical costs paid from the funds of STRS Ohio are included in the employer contribution rate. For the fiscal year ended June 30, 2014, STRS Ohio allocated employer contributions equal to 1.0% of covered payroll for post-employment health care.

(dollars in thousands)

OPERS currently provides post-employment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under Ohio Revised Code (ORC), funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar years 2014 and 2015, OPERS allocated 2.0% of the employer contribution rate to fund the health care program for retirees.

OSU Physicians Retirement Plan

Retirement benefits are provided for the employees of OSUP through a tax-sheltered 403(b) and 401(a) program administered by an insurance company. OSUP is required to make nondiscretionary contributions of no less than 7.5% under the Interim Retirement Plan; however, some subsidiaries make an additional discretionary contribution of up to 17.5%, for a range of total employer contributions of 7.5% to 25%. Employees are allowed, but not required, to make contributions to the 403(b) plan. OSUP's share of the cost of these benefits was $4,397 and $3,996 for the years ended June 30, 2015 and 2014, respectively.

Employee contributions were $1,457 and $1,246 for the years ended June 30, 2015 and 2014.

NOTE 16 — CAPITAL PROJECT COMMITMENTS

At June 30, 2015, the university is committed to future contractual obligations for capital expenditures of approximately $320,201.

These projects are funded by the following sources:

State appropriations	$ 34,986
Internal and other sources	285,215
Total	$ 320,201

NOTE 17 — CONTINGENCIES AND RISK MANAGEMENT

The university is a party in a number of legal actions. While the final outcome cannot be determined at this time, management is of the opinion that the liability, if any, for these legal actions will not have a material adverse effect on the university's financial position.

The university is self-insured for the Health System's professional malpractice liability, employee health benefits, workers' compensation and employee life, accidental death and dismemberment benefits. Additional details regarding these self-insurance arrangements are provided in Note 8. The university also carries commercial insurance policies for various property, casualty and excess liability risks. Over the past three years, settlement amounts related to these insured risks have not exceeded the university's coverage amounts.

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. While questioned costs may occur, ultimate repayments required of the university have been infrequent in prior years.

NOTE 18 — PARKING LEASE AND CONCESSION AGREEMENT

On September 21, 2012, the university entered into a 50-year lease and concession agreement with QIC Global Infrastructure (QIC GI). CampusParc LP, a QIC GI affiliate, owns and operates the university's parking concession on QIC GI's behalf. Under the agreement, CampusParc operates, maintains and retains parking revenues from the university's parking lots and garages. This agreement also regulates the parking rates that may be charged and future increases in these rates. The university received lump-sum payments totaling $483,000 from QIC GI and used the proceeds to establish endowment funds, with income distributions internally designated to support student scholarships, faculty initiatives and research, transportation and sustainability and the university arts district.

The lump-sum payment under this service concession arrangement is reported as a deferred inflow of resources and is being amortized to operating revenue over the life of the agreement. Deferred inflows related to the parking agreement were $455,070 and $464,701 at June 30, 2015 and 2014, respectively. The university reports the parking lots and garages as capital assets with a carrying amount of $124,947 and $124,511 at June 30, 2015 and 2014, respectively.

NOTE 19 – COMBINING INFORMATION FOR BLENDED COMPONENT UNITS

As indicated in the Basis of Presentation in Note 1, the university consolidates certain component units in a blended presentation. Condensed combining financial information for the years ended June 30, 2015 and 2014 is presented below.

(dollars in thousands)

Condensed Combining Information – Year Ended June 30, 2015

	OSU Foundation	OSU Health Plan	Oval Limited
Condensed statements of net position:			
Current assets	$ 41,453	$ 5,018	$ 52,462
Capital assets, net	3,766	135	-
Other assets	877,051	617	-
Amounts receivable from the university	-	51	-
Deferred outflows	-	-	-
Total assets and deferred inflows	$ 922,270	$ 5,821	$ 52,462
Current liabilities	$ 17,544	$ 1,060	$ 43
Noncurrent liabilities	26,289	468	29,056
Amounts payable to the university	156	801	-
Deferred inflows	-	-	-
Total liabilities and deferred inflows	43,989	2,329	29,099
Net investment in capital assets	3,766	135	-
Restricted:			
Nonexpendable	714,657	-	-
Expendable	148,447	-	-
Unrestricted	11,411	3,357	23,363
Total net position	878,281	3,492	23,363
Total liabilities, deferred inflows and net position	$ 922,270	$ 5,821	$ 52,462

(dollars in thousands)

	OSU Foundation	OSU Health Plan	Oval Limited
Condensed statements of revenues, expenses and changes in net position:			
Operating revenues:			
Grants and contracts	$ -	$ -	$ -
Sales and services of OSU Physicians	-	-	-
Other sales, services and rental income	1,633	12,524	2,973
Other operating	-	-	-
Total operating revenues	1,633	12,524	2,973
Operating expenses, excluding depreciation	28,315	12,491	159
Depreciation expense	242	-	-
Total operating expenses	28,557	12,491	159
Net operating income (loss)	(26,924)	33	2,814
Non-operating revenues and expenses:			
Gifts for current use	163,800	-	-
Net investment income (loss)	38,487	-	551
Interest expense	-	-	-
Other non-operating revenue (expense)	-	-	-
Net non-operating revenue (expense)	202,287	-	551
Capital contributions and additions to permanent endowments	58,424	-	-
Transfers from (to) the university	(189,684)	-	-
Change in net position	44,103	33	3,365
Beginning net position	834,178	3,459	19,998
Ending net position	$ 878,281	$ 3,492	$ 23,363
Condensed statements of cash flows:			
Net cash provided (used) by:			
Operating activities	$ (19,737)	$ 350	$ 1,647
Noncapital financing activities	17,349	402	-
Capital and related financing activities	1,464	344	-
Investing activities	516	(14)	2
Net increase (decrease) in cash	(408)	1,082	1,649
Beginning cash and cash equivalents	3,684	3,469	11,205
Ending cash and cash equivalents	$ 3,276	$ 4,551	$ 12,854

(dollars in thousands)

Condensed Combining Information – Year Ended June 30, 2014

	OSU Foundation	OSU Health Plan	Oval Limited
Condensed statements of net position:			
Current assets	$ 43,096	$ 3,770	$ 51,807
Capital assets, net	3,784	478	-
Other assets	829,398	721	-
Amounts receivable from the university	-	-	-
Deferred outflows	-	-	-
Total assets and deferred inflows	$ 876,278	$ 4,969	$ 51,807
Current liabilities	$ 9,675	$ 1,162	$ 37
Noncurrent liabilities	32,267	-	31,772
Amounts payable to the university	158	348	-
Deferred inflows	-	-	-
Total liabilities and deferred inflows	42,100	1,510	31,809
Net investment in capital assets	3,784	478	-
Restricted:			
Nonexpendable	662,094	-	-
Expendable	156,931	-	-
Unrestricted	11,369	2,981	19,998
Total net position	834,178	3,459	19,998
Total liabilities, deferred inflows and net position	$ 876,278	$ 4,969	$ 51,807

(dollars in thousands)

	OSU Foundation	OSU Health Plan	Oval Limited
Condensed statements of revenues, expenses and changes in net position:			
Operating revenues:			
Grants and contracts	$ -	$ -	$ -
Sales and services of OSU Physicians	-	-	-
Other sales, services and rental income	1,478	13,283	2,293
Other operating	-	-	-
Total operating revenues	1,478	13,283	2,293
Operating expenses, excluding depreciation	19,154	12,993	146
Depreciation expense	228	380	-
Total operating expenses	19,382	13,373	146
Net operating income (loss)	(17,904)	(90)	2,147
Non-operating revenues and expenses:			
Gifts for current use	138,230	-	-
Net investment income (loss)	119,451	22	6,003
Interest expense	-	-	-
Other non-operating revenue (expense)	-	-	-
Net non-operating revenue (expense)	257,681	22	6,003
Capital contributions and additions to permanent endowments	54,037	-	-
Transfers from (to) the university	(171,201)	-	-
Change in net position	122,613	(68)	8,150
Beginning net position	711,565	3,527	11,848
Ending net position	$ 834,178	$ 3,459	$ 19,998
Condensed statements of cash flows:			
Net cash provided (used) by:			
Operating activities	$ (15,330)	$ 1,350	$ 1,684
Noncapital financing activities	17,762	348	-
Capital and related financing activities	5,328	(864)	-
Investing activities	(6,624)	6	2
Net increase (decrease) in cash	1,136	840	1,686
Beginning cash and cash equivalents	2,548	2,629	9,519
Ending cash and cash equivalents	$ 3,684	$ 3,469	$ 11,205

(dollars in thousands)

NOTE 20 – COMBINING INFORMATION FOR DISCRETELY PRESENTED COMPONENT UNITS

As indicated in the Basis of Presentation in Note 1, the university consolidates certain component units in a discrete presentation. Condensed combining financial information for the years ended June 30, 2015 and 2014 is presented below.

Condensed Combining Information – Year Ended June 30, 2015

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan
Condensed statements of net position:				
Current assets	$ 118,069	$ 10,140	$ 8,991	$ 1,268
Capital assets, net	26,139	53,177	515	79
Other assets	736	1,417	-	-
Amounts receivable from the university	10,534	-	3,976	-
Deferred outflows	-	-	40	-
Total assets and deferred inflows	$ 155,478	$ 64,734	$ 13,522	$ 1,347
Current liabilities	$ 15,243	$ 3,013	$ 2,970	$ 45
Noncurrent liabilities	16,277	-	296	-
Amounts payable to the university	32,942	63,434	-	-
Deferred inflows	-	-	5	-
Total liabilities and deferred inflows	64,462	66,447	3,271	45
Net investment in capital assets	2,768	53,177	515	-
Restricted:				
Nonexpendable	-	-	-	-
Expendable	-	-	-	-
Unrestricted	88,248	(54,890)	9,736	1,302
Total net position	91,016	(1,713)	10,251	1,302
Total liabilities, deferred inflows and net position	$ 155,478	$ 64,734	$ 13,522	$ 1,347

Notes to Financial Statements – Years Ended June 30, 2015 and 2014
(dollars in thousands)

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan
Condensed statements of revenues, expenses and changes in net position:				
Operating revenues:				
Grants and contracts	$ -	$ 7,245	$ 38,611	$ -
Sales and services of OSU Physicians	405,620	-	-	-
Other sales, services and rental income	-	-	-	8,693
Other operating	-	-	-	-
Total operating revenues	405,620	7,245	38,611	8,693
Operating expenses, excluding depreciation	373,658	2,918	34,844	5,445
Depreciation expense	4,395	1,641	243	36
Total operating expenses	378,053	4,559	35,087	5,481
Net operating income (loss)	27,567	2,686	3,524	3,212
Non-operating revenues and expenses:				
Gifts for current use	-	-	-	-
Net investment income (loss)	47	-	136	-
Interest expense	(477)	-	-	-
Other non-operating revenue (expense)	1,125	-	-	-
Net non-operating revenue (expense)	695	-	136	-
Capital contributions and additions to permanent endowments	-	-	-	-
Transfers from (to) the university	(20,080)	(607)	(3,544)	(3,182)
Change in net position	8,182	2,079	116	30
Beginning net position, as previously reported	82,834	(3,792)	10,398	1,272
Cumulative effect of accounting change	-	-	(263)	-
Ending net position	$ 91,016	$ (1,713)	$ 10,251	$ 1,302
Condensed statements of cash flows:				
Net cash provided (used) by:				
Operating activities	$ 28,976	$ 5,410	$ 2,507	$ 3,219
Noncapital financing activities	(9,362)	3,591	(3,598)	(3,182)
Capital and related financing activities	(5,372)	(5,540)	(330)	-
Investing activities	2,424	-	136	(26)
Net increase (decrease) in cash	16,666	3,461	(1,285)	11
Beginning cash and cash equivalents	51,441	2,673	3,424	313
Ending cash and cash equivalents	$ 68,107	$ 6,134	$ 2,139	$ 324

(dollars in thousands)

Condensed Combining Information – Year Ended June 30, 2014

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan
Condensed statements of net position:				
Current assets	$ 100,537	$ 6,916	$ 10,142	$ 1,232
Capital assets, net	26,524	49,278	429	115
Other assets	3,114	1,184	-	-
Amounts receivable from the university	8,585	-	3,922	-
Deferred outflows	-	-	-	-
Total assets and deferred inflows	$ 138,760	$ 57,378	$ 14,493	$ 1,347
Current liabilities	$ 17,120	$ 1,933	$ 4,095	$ 75
Noncurrent liabilities	17,406	-	-	-
Amounts payable to the university	21,400	59,237	-	-
Deferred inflows	-	-	-	-
Total liabilities and deferred inflows	55,926	61,170	4,095	75
Net investment in capital assets	4,108	49,278	429	-
Restricted:				
Nonexpendable	-	-	-	-
Expendable	-	-	-	-
Unrestricted	78,726	(53,070)	9,969	1,272
Total net position	82,834	(3,792)	10,398	1,272
Total liabilities, deferred inflows and net position	$ 138,760	$ 57,378	$ 14,493	$ 1,347

(dollars in thousands)

	OSU Physicians	Campus Partners	Transportation Research Center	Dental Faculty Practice Plan
Condensed statements of revenues, expenses and changes in net position:				
Operating revenues:				
Grants and contracts	$ -	$ 7,983	$ 37,842	$ -
Sales and services of OSU Physicians	356,503	-	-	-
Other sales, services and rental income	-	509	-	8,283
Other operating	-	-	-	-
Total operating revenues	356,503	8,492	37,842	8,283
Operating expenses, excluding depreciation	342,565	6,085	36,091	5,157
Depreciation expense	4,561	1,514	355	110
Total operating expenses	347,126	7,599	36,446	5,267
Net operating income (loss)	9,377	893	1,396	3,016
Non-operating revenues and expenses:				
Gifts for current use	-	-	-	-
Net investment income (loss)	47	-	135	-
Interest expense	(684)	-	(2)	-
Other non-operating revenue (expense)	2,626	-	-	-
Net non-operating revenue (expense)	1,989	-	133	-
Capital contributions and additions to permanent endowments	-	-	-	-
Transfers from (to) the university	(6,979)	8,445	23	(2,923)
Change in net position	4,387	9,338	1,552	93
Beginning net position	78,447	(13,130)	8,846	1,179
Ending net position	$ 82,834	$ (3,792)	$ 10,398	$ 1,272
Condensed statements of cash flows:				
Net cash provided (used) by:				
Operating activities	$ 8,012	$ 1,366	$ 3,433	$ 3,094
Noncapital financing activities	(4,124)	(2,756)	(365)	(2,923)
Capital and related financing activities	(2,858)	(1,343)	(485)	-
Investing activities	4,126	141	135	(97)
Net increase (decrease) in cash	5,156	(2,592)	2,718	74
Beginning cash and cash equivalents	46,285	5,265	706	239
Ending cash and cash equivalents	$ 51,441	$ 2,673	$ 3,424	$ 313

NOTE 21 – SEGMENT INFORMATION

A segment is an identifiable activity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds or other revenue-backed debt and has related expenses, gains, losses, assets and liabilities that can be identified. The university has one segment that meets the GASB reporting requirements.

The Office of Student Life operates student housing, dining and recreational sports facilities on the university's main and regional campuses. In January 2013, the university issued $337,955 of Special Purpose General Receipts Bonds, Series 2013A. These bonds are solely payable from, and secured by, a pledge of the gross revenues of Special Purpose Revenue Facilities. Special Purpose Revenue Facilities are defined in the Series 2013 Supplement as all housing and dining facilities and such auxiliary facilities as shall constitute recreation facilities owned by the university. Special Purpose Pledged Revenues include all revenues, fees, rentals, rates, charges, insurance proceeds and other moneys derived from the ownership or operation of these facilities. Special Purpose Pledged Revenues totaled $168,411 and $163,347 for the years ended June 30, 2015 and 2014, respectively.

Condensed financial information for the Special Purpose Revenue Facilities, before the elimination of certain intra-university transactions, as of and for the years ended June 30, 2015 and 2014 is as follows:

(dollars in thousands)

Segment Disclosure Information – Year Ended June 30, 2015

	2015	2014
Condensed Statement of Net Position		
Assets and deferred outflows:		
Current assets	$ 23,979	$ 24,141
Capital assets	617,306	451,921
Other assets	165,038	309,430
Amounts receivable from the university	-	-
Deferred outflows	-	-
Total assets and deferred inflows	$ 806,323	$ 785,492
Liabilities and deferred inflows:		
Current liabilities	$ 5,734	$ 5,805
Noncurrent liabilities	-	-
Amounts payable to the university	800,191	817,238
Deferred inflows	-	-
Total liabilities and deferred inflows	805,925	823,043
Net position:		
Net investment in capital assets	(17,847)	(55,886)
Restricted:		
Nonexpendable	-	-
Expendable	-	-
Unrestricted	18,245	18,335
Total net position	398	(37,551)
Total liabilities, deferred inflows and net position	$ 806,323	$ 785,492

	2015	2014
Condensed Statement of Revenues, Expenses and Changes in Net Position		
Special-purpose pledged revenues - operating	$ 168,411	$ 163,347
Operating expenses, excluding depreciation	(124,522)	(119,540)
Depreciation expense	(23,205)	(24,002)
Operating income	20,684	19,805
Nonoperating revenues, net	(26,956)	(17,687)
Net income (loss) before transfers	(6,272)	2,118
Transfers from (to) other university units, net	44,221	(193,423)
Increase (decrease) in net assets	37,949	(191,305)
Beginning net position	(37,551)	153,754
Ending net position	$ 398	$ (37,551)
Condensed Statement of Cash Flows		
Net cash provided (used) by:		
Operating activities	$ 39,317	$ 33,704
Noncapital financing activities	-	-
Capital and related financing activities	(183,948)	266,940
Investing activities	97	107
Net increase (decrease) in cash	(144,534)	300,751
Beginning cash and cash equivalents	332,512	31,761
Ending cash and cash equivalents	$ 187,978	$ 332,512

The Ohio State University
Required Supplementary Information on GASB 68 Pension Liabilities
Year Ended June 30, 2015

The schedule of the university's proportionate shares of STRS-Ohio and OPERS net pension liabilities are presented below:

	2015	
(dollars in thousands)	**STRS-Ohio**	**OPERS**
University's proportion of the net pension liability	4.4%	8.8%
University's proportionate share of the net pension liability	$ 1,070,914	$ 1,059,519
University's covered-employee payroll	$ 381,669	$ 1,188,828
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	281%	89%
Plan fiduciary net position as a percentage of the total pension liability	74.7%	86.5%

The schedule of the university's contributions to STRS-Ohio and OPERS are presented below:

	2015	
(dollars in thousands)	**STRS-Ohio**	**OPERS**
Contractually required contribution	$ 65,738	$ 170,979
Contributions in relation to the contractually required contribution	$ 65,738	$ 170,979
Contribution deficiency (excess)	$ -	$ -
University's covered-employee payroll	$ 388,309	$ 1,208,710
Contributions as a percentage of covered-employee payroll	16.9%	14.1%

The Ohio State University
Supplementary Information on the Long-Term Investment Pool
Year Ended June 30, 2015

The following section of the financial report provides additional information on the university's Long-Term Investment Pool, including a summary of changes in market value, investment returns and related expenses. Additional details on university investments, including asset allocations, endowment distribution policies, investment by type and risk disclosures, are provided in Notes 1 and 3 to the Financial Statements.

In 2015, the market value of the university's Long-Term Investment Pool – which includes gifted endowments, long-term investments of university operating funds and other funds internally designated to function as endowments – increased $46 million, to $3.66 billion at June 30, 2015. Long-Term Investment Pool activity for 2015 is summarized below:

Long-Term Investment Pool Activity (in thousands)

	Gifted Endowments		Quasi-Endowments		
	University	Foundation	Operating	Designated	Total
Balance at June 30, 2014	**$ 1,057,810**	**$ 710,961**	**$ 1,158,595**	**$ 686,500**	**$ 3,613,866**
Net Principal Additions (Withdrawals)	9,082	58,771	26,085	15,919	109,857
Change in Fair Value	21,773	15,727	23,943	14,402	75,845
Income Earned	22,452	15,664	24,536	14,679	77,331
Distributions	(41,258)	(28,705)	(45,106)	(27,103)	(142,172)
Expenses	(21,874)	(15,260)	(23,905)	(14,302)	(75,341)
Balance at June 30, 2015	**$ 1,047,985**	**$ 757,158**	**$ 1,164,148**	**$ 690,096**	**$ 3,659,387**

Net principal additions (withdrawals) for gifted endowments include new endowment gifts and reinvestment of unused endowment distributions. **Change in fair value** includes realized gains and losses for assets sold during the year and unrealized gains and losses for assets held in the pool at June 30, 2015. **Income earned** includes interest and dividends and is used primarily to fund **distributions**. **Expenses** include investment management expenses ($60 million), University Development related expenses ($14 million) and other investment related expenses ($1 million).

Investment Returns and Expenses:

The investment return for the Long-Term Investment Pool was 3.8% for fiscal year 2015. The annualized investment returns for the three-year and five-year periods were 9.9% and 9.1%, respectively. These returns -- which are net of investment management expenses as defined by Cambridge Associates for its annual survey -- are used for comparison purposes with other endowments and various benchmarks. In addition to the $60 million of investment management expenses, which reduced the pool by 1.7% in fiscal year 2015, the $14 million of University Development expenses and $1 million of other investment related expenses further reduced the pool by 0.4%.

Additional Information:

For more information on how the Long-Term Investment Pool is invested, please visit the Office of Investments website at: **investments.osu.edu**.

Additional details on university and foundation endowments, including balances for individual funds, are available on the Office of the Controller's website at: **controller.osu.edu/acc/endow-home.shtm** (click on the "Endowment Descriptions and Balances" link).

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees of
The Ohio State University
Columbus, Ohio:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the primary institution and of the aggregate discretely presented component units of The Ohio State University (the "University"), a component unit of the State of Ohio, as of and for the year ended June 30, 2015, appearing on pages 20 to 77, which consist of the statement of net position, the related statements of revenues, expenses and other changes in net position and of cash flows, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 30, 2015, which included a matter of emphasis paragraph concerning the University's adoption of new accounting guidance related to the manner in which it accounts for pensions.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

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opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

October 30, 2015

Acknowledgements

The 2015 Financial Report and the included financial statements are prepared by the staff of the Office of the Controller.

Tarek S. Ahmed

Suzanne M. Chizmar

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Mary J. Wehner

Geoffrey S. Chatas - Senior Vice President and Chief Financial Officer

Kristine G. Devine – Vice President for Operations and Deputy CFO

Board of Trustees

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

Book-Entry-Only System—The Depository Trust Company

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will only be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each interest rate for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or with the Trustee as the agent for DTC. Beneficial Owners (defined below) may own beneficial interests in the Bonds in the United States through DTC and in Europe through Clearstream Banking, société anonyme ("Clearstream") and Euroclear Bank S.A./N.V. ("Euroclear"), directly if they are participants of such systems, or indirectly through organizations that are participants in such systems. Clearstream and Euroclear will hold omnibus positions on behalf of their participants through customers securities accounts in Clearstream's and Euroclear's names on the books of their respective depositories, which in turn will hold such positions in customers securities accounts in the depositories names on the books of DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with the Direct Participants, "Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The contents of such website do not constitute part of this Supplemental Official Statement.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the University as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of, and Make-Whole Redemption Price, if any, interest or other payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the University or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the University, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal of, and Make-Whole Redemption Price, if any, interest or other payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the University or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Bonds.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the University believes to be reliable, but none of the University, the Trustee and the Underwriters takes any responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE UNIVERSITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS.

So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references herein to Bondholders or registered owners of the Bonds shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Trustee to DTC only.

For every transfer and exchange of Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

Discontinuation of the Book-Entry-Only System

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the University or the Trustee. In addition, if the University determines that (i) DTC is unable to discharge its responsibilities with respect to the Bonds, or (ii) continuation of the system of book-entry only transfers through DTC is not in the best interests of the Beneficial Owners of the Bonds or of the University, the University may, upon satisfaction of the applicable procedures of DTC with respect thereto, terminate the services of DTC with respect to the Bonds. Upon the resignation of DTC or determination by the University that DTC is unable to discharge its responsibilities, the University may, within 90 days, appoint a successor depository. If no such successor is appointed or the University determines to discontinue the book-entry only system, Bond certificates will be printed and delivered to DTC. Transfers and exchanges of Bonds shall thereafter be made as provided in the Indenture.

If the book-entry only system is discontinued with respect to the Bonds, the persons to whom the Bonds are delivered will be treated as "Holders" for all purposes of the Indenture, including, without limitation, the payment of principal or redemption price of, and interest on, the Bonds, the redemption of the Bonds and the giving to the University or the Trustee of any notice, consent, request or demand pursuant to the Indenture for any purpose whatsoever. In such event, the principal or redemption price of, and interest on, the Bonds will be payable as described herein.

Revision of Book-Entry-Only System - Replacement Bonds

The Series 2016 A Bond Resolution provides for issuance of fully registered Bonds (the "Replacement Bonds") directly to owners other than DTC or its nominee only if DTC determines not to continue to act as security depository of the Bonds. In such event, the University may in its discretion establish a securities depository/book-entry relationship with another qualified securities depository. If the University does not or is unable to do so, and after appropriate notice to DTC, the University's Bond Registrar will authenticate and deliver fully registered Replacement Bonds, in the denominations of $1,000 or any integral multiple thereof, to or at the direction of and, if the event is not the result of University action or inaction, at the expense (including printing costs) of, any persons requesting such issuance. The Replacement Bonds may be transferred, registered and assigned only in the registration books of the University's Bond Registrar.

DTC Letter of Representations

Certain duties of DTC and procedures to be followed by DTC and the Trustee are set forth in DTC's operational arrangements (the "Operational Arrangements"). In the event of any conflict between the provisions of the Indenture and the provisions of the Operational Arrangements relating to delivery of Bonds to the Trustee, the provisions of the Operational Arrangements shall control. The University has executed a blanket letter of representations enabling the Bonds to be eligible for DTC's book-entry only system.

Disclaimer by University, Trustee and Underwriter

Neither the University nor the Trustee has any responsibility or liability for any aspect of the records relating to, or payments made on account of book entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The University, the Trustee, and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or others will distribute to the Beneficial Owners (i) payments of Debt Service Charges on the Series 2016 A Bonds paid or (ii) notices sent to DTC as the Holder or that they will do so on a timely basis, or that DTC or DTC Participants will serve and act in the manner described in this Supplemental Official Statement.

Clearstream and Eucroclear

The Bonds initially will be registered in the name of Cede & Co. as registered owner and nominee for DTC, which will act as securities depository for the Bonds. Purchases of the Bonds will be in book-entry form only. Clearstream and Euroclear may hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and/or Euroclear's names on the books of their respective U.S. Depositories, which, in turn, hold such positions in customers' securities accounts in the U.S. Depositories' names on the books of DTC.

Clearstream

Clearstream is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations, known as Clearstream participants, and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thus eliminating the need for physical movement of certificates. Clearstream provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in a number of countries. Clearstream has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream and Euroclear.

As a registered bank in Luxembourg, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance due Secteur Financier). Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. In the United States, Clearstream participants are limited to securities brokers and dealers and banks. Clearstream participants may include the underwriters in this offering. Other institutions that maintain a custodial relationship with a Clearstream participant may obtain indirect access to Clearstream. Clearstream is an indirect participant in DTC.

Payments with respect to the Bonds held beneficially through Clearstream will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by Clearstream.

Euroclear

Euroclear was created in 1986 to hold securities for its participating organizations, known as Euroclear participants, and to clear and settle transactions between Euroclear participants and participants of certain other securities intermediaries through simultaneous electronic book-entry delivery against payment, thus eliminating the need for physical movement of certificates and the risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries generally similar to the arrangements for cross-market transfers with DTC described below.

Euroclear is a Belgian bank that is regulated by the Belgian Banking Commission. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters in this offering. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Euroclear is an indirect participant in DTC.

The Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of Euroclear and applicable Belgian law (collectively, the “Euroclear Terms and Conditions”) govern securities clearance accounts and cash accounts with Euroclear. Specifically, these terms and conditions govern:

- transfers of securities and cash within Euroclear;
- withdrawal of securities and cash from Euroclear; and
- receipts of payments with respect to securities in Euroclear.

All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. Euroclear acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding securities through Euroclear participants.

Payments with respect to Bonds held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Euroclear Terms and Conditions, to the extent received by Euroclear.

The foregoing information about DTC, Clearstream and Euroclear has been provided by each of them for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

Global Clearance and Settlement Procedures

Initial settlement for the Bonds will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way, in accordance with DTC’s rules, and will be settled in immediately available funds using DTC's same-day funds settlement system. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way, in accordance with the applicable rules and operating procedures of Clearstream and Euroclear, and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream or Euroclear participants, on the other, will be effected through DTC, in accordance with DTC's rules, on behalf of the relevant European international clearing system by the U.S. depositaries. However, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in this system in accordance with its rules and procedures and within its established deadlines, European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving Bonds in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to DTC.

Because of time-zone differences, credits of Bonds received in Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and will be credited the business day following the DTC settlement date. These credits or any transactions in such Bonds settled during such processing will be reported to the relevant Euroclear or Clearstream participants on that business day. Cash received in Clearstream or Euroclear as a result of sales of Bonds by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream, and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of Bonds among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform these procedures, and these procedures may be revised or discontinued at any time.

THE UNIVERSITY, UNDERWRITERS AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM CUSTOMERS, EUROCLEAR OR EUROCLEAR PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS, CLEARSTREAM, CLEARSTREAM CUSTOMERS, EUROCLEAR OR EUROCLEAR PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS SUPPLEMENTAL OFFICIAL STATEMENT.

THE UNIVERSITY, THE UNDERWRITERS AND TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC CLEARSTREAM, CLEARSTREAM CUSTOMERS, EUROCLEAR, EUROCLEAR PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM CUSTOMERS, EUROCLEAR OR EUROCLEAR PARTICIPANTS; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM

CUSTOMERS, EUROCLEAR OR EUROCLEAR PARTICIPANTS OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM CUSTOMERS, EUROCLEAR OR EUROCLEAR PARTICIPANTS OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE CERTIFICATE; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC, CLEARSTREAM AND EUROCLEAR AND THEIR BOOK-ENTRY SYSTEMS HAS BEEN OBTAINED FROM DTC, CLEARSTREAM AND EUROCLEAR, RESPECTIVELY, AND THE UNIVERSITY MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Procedures May Change

Although DTC, Clearstream and Euroclear have agreed to these procedures in order to facilitate transfers of securities among DTC and its participants, Clearstream and Euroclear, they are under no obligation to perform or continue to perform these procedures and these procedures may be discontinued and may be changed at any time by any of them.

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OFFICIAL STATEMENT

Relating to

$1,000,000,000
In maximum principal amount of
THE OHIO STATE UNIVERSITY
General Receipts Bonds
(Multiyear Debt Issuance Program)

The Ohio State University (the "University") has authorized the issuance of its General Receipts Bonds (Multiyear Debt Issuance Program) (the "Program Bonds") up to a maximum principal amount of $1,000,000,000 between the date of this Official Statement and June 30, 2017 (the "Offering Period"). The Program Bonds may be issued in one or more series from time to time during the Offering Period. The specific terms of each series of Program Bonds issued during the Offering Period will be set forth in supplements to this Official Statement (each a "Supplemental Official Statement"). The Program Bonds will be special obligations of The Ohio State University (the "University") issued to pay costs of capital facilities, refund General Receipts Bonds previously issued and to pay costs of issuance of the Program Bonds.

Each series of the Program Bonds is to be issued pursuant to an Amended and Restated Trust Indenture dated as of December 1, 1999 between the University and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), as amended and supplemented to date, including by the Multiyear Debt Issuance Program Supplement to Amended and Restated Trust Indenture dated as of March 1, 2016. Principal of, and interest and any premium on, the Program Bonds, and any other parity obligations, are payable solely from the General Receipts of the University and the Debt Service Fund. See **SECURITY AND SOURCES OF PAYMENT** herein.

The Program Bonds are not obligations of the State of Ohio, are not general obligations of the University, and the full faith and credit of the University is not pledged to their payment. The owners of the Program Bonds have no right to have any excises or taxes levied by the Ohio General Assembly for the payment of the principal, interest and redemption premium.

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement and the applicable Supplemental Official Statement to obtain information essential to the making of an informed investment decision. This Official Statement may not be used to offer and sell Program Bonds unless accompanied by a Supplemental Official Statement.

This Official Statement is dated February 23, 2016.

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REGARDING THIS OFFICIAL STATEMENT

This Official Statement is delivered in connection with the proposed issuance from time to time of Program Bonds authorized by the University to pay costs of University Facilities, refund General Receipts Bonds previously issued, and to pay costs of issuance of the Program Bonds. During a period commencing on the date of this Official Statement and terminating on June 30, 2017 (the "Offering Period"), the University may issue one or more series of General Receipts Bonds in the form of Program Bonds including:

- Fixed Rate Senior Lien Obligations;
- Variable Rate Senior Lien Obligations; and
- Special Purpose General Receipts Obligations.

Program Bonds may be issued as either taxable or tax-exempt Program Bonds, as specified in the applicable Supplemental Official Statement (as defined below).

This Official Statement provides a general description of the University and the various types of Program Bonds that may be offered. For each issuance of Program Bonds during the Offering Period, the University will prepare a supplement to this Official Statement (each a "Supplemental Official Statement") with specific information about the terms of the series of Program Bonds being offered, including the price, interest rate, payment dates, priority of lien, maturity date, redemption terms, tax status and other terms specific to the series of Program Bonds being offered. Each Supplemental Official Statement will also describe the use of proceeds, the names and compensation of the underwriters of the Program Bonds and other important considerations for investors. Each Supplemental Official Statement may also add, update or change information contained in this Official Statement. Investors must read this Official Statement and the applicable Supplemental Official Statement before making an investment decision. This Official Statement may not be used to offer and sell Program Bonds unless it is accompanied by a Supplemental Official Statement that more fully describes the Program Bonds being offered and the terms of the offering.

AVAILABLE INFORMATION

Beginning with the period ending March 31, 2016, the University will file quarterly reports for quarterly periods ending September 30, December 31 and March 31 of each year with the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access System ("EMMA") which will update some of the information contained in this Official Statement and the applicable Supplemental Official Statement, including certain operating data and financial information included in Appendix A attached to each Supplemental Official Statement. Such quarterly reports can be inspected electronically at http://www.emma.msrb.org. Such quarterly reports do not constitute a part of this Official Statement or the applicable Supplemental Official Statement and should not be relied upon in making a decision to purchase Program Bonds. The University's plan to file quarterly reports does not constitute an obligation of the University under its continuing disclosure agreement. See **CONTINUING DISCLOSURE** herein.

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$1,000,000,000
THE OHIO STATE UNIVERSITY
General Receipts Bonds
(Multiyear Debt Issuance Program)

INTRODUCTORY STATEMENT

General

This Official Statement has been prepared by The Ohio State University (the "University"), a state university of the State of Ohio, in connection with the issuance and sale by the University of up to a maximum of $1,000,000,000 in aggregate principal amount of its Program Bonds in one or more series during the Offering Period described herein. The specific terms of each series of Program Bonds issued during the Offering Period will be set forth in one or more supplements to this Official Statement (each a "Supplemental Official Statement"). Each series of Program Bonds will be special obligations of the University issued for the purpose of paying costs of capital facilities, refunding General Receipts Bonds previously issued by the University and paying costs of the issuance of the Program Bonds, each as described in the applicable Supplemental Official Statement and will constitute an issue of Obligations under the Indenture described below.

Each series of Program Bonds will be issued pursuant to Sections 3345.11 and 3345.12 of the Ohio Revised Code (the "Act"), the General Bond Resolution adopted by the Board on November 5, 1999 (the "1999 General Bond Resolution") and the Multiyear Debt Issuance Program Bond Resolution (the "Program Resolution"), adopted by the Board of Trustees of the University (the "Board") on June 5, 2015, an Amended and Restated Trust Indenture (the "Amended and Restated Trust Indenture") dated as of December 1, 1999, as amended and supplemented to date, including by the Multiyear Debt Issuance Program Supplement to Amended and Restated Trust Indenture (the "Program Supplement"), dated as of March 1, 2016, both between the University and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee") and a Certificate of Award to be dated the date of issuance of the applicable series of Program Bonds (each a "Certificate of Award"). The Program Resolution, the Amended and Restated Trust Indenture and the Program Supplement are collectively referred to in this Official Statement as the "Indenture." Capitalized terms used herein which are not defined herein shall have the meanings described in the Indenture. See **THE INDENTURE** for a summary of certain terms and provisions of the Indenture.

Pursuant to the Act, the University is authorized, among other things, to acquire, construct, improve and furnish certain "facilities" as defined in the Act, and to pay costs of those facilities by the issuance of obligations payable from the General Receipts of the University. The Indenture authorizes the issuance of obligations (as defined in the Indenture, the "Obligations") of the University to finance the costs of those authorized facilities (as defined in the Indenture, the "University Facilities"). The Program Supplement specifically authorizes the issuance of $1,000,000,000 maximum principal amount of General Receipts Bonds (to be denominated "Program Bonds") in one or more series, during the Offering Period.

The University has previously authorized and issued Obligations secured by the Indenture, including Senior Lien Obligations and Special Purpose General Receipts Obligations. Senior Lien Obligations are secured by General Receipts of the University. Special Purpose General Receipts Obligations are subordinated obligations of the University payable solely from Special Purpose Pledged Revenues, as described herein (Senior Lien Obligations and Special Purpose General Receipts

Obligations are collectively referred to herein as "Obligations"). See **GENERAL RECEIPTS OBLIGATIONS** herein. The University may designate a series of the Program Bonds upon its issuance as either Senior Lien Obligations or Special Purpose General Receipts Obligations.

References to provisions of Ohio law, whether codified in the Ohio Revised Code or uncodified, or the Ohio Constitution are references to those current provisions. Those provisions may be amended, repealed or supplemented.

As used in this Official Statement, "Debt Service Charges" means principal (including any mandatory sinking fund requirements), interest and any redemption premium required to be paid by the University on the Obligations, and "Fiscal Year" means the University's fiscal year, currently the 12-month period from July 1 to June 30. Reference to a particular fiscal year (such as "Fiscal Year 2016") means the Fiscal Year that ends on June 30 in the indicated year.

The Program

The University has established its Multiyear Debt Issuance Program (the "Program") in order to streamline its debt issuance process. The Board of Trustees adopted the Program Resolution on June 5, 2015 to authorize the issuance of $1,000,000,000 maximum principal amount of Program Bonds, in one or more series, from time to time. Proceeds of the Program Bonds are authorized to be used to finance University Facilities as well as refund, either currently or in advance of their respective maturities, General Receipts Bonds of the University previously issued to finance University Facilities.

The University may establish one or more additional Multiyear Debt Issuance Programs in the future. Bonds to be issued under any such additional program will be offered pursuant to a separate official statement and a supplement or supplements thereto.

All Program Bonds will be General Receipts Bonds of the University. They may be issued as Senior Lien Obligations or Special Purpose General Receipts Obligations, bear interest at fixed interest rates or variable interest rates, and be tax-exempt or federally taxable. The attributes of each series of Program Bonds will be identified in the Certificate of Award for such series executed by the University at the time of issuance of such series.

GENERAL RECEIPTS OBLIGATIONS

General

The 1999 General Bond Resolution and the Amended and Restated Trust Indenture are the basic documents pertaining to all Obligations and prescribe the conditions for the issuance of additional Obligations, such as the Program Bonds. For each issue of Obligations, a Series Resolution, such as the Program Resolution, setting forth detailed provisions for that issue, is usually adopted. The Program Resolution authorized the issuance of not to exceed $1,000,000,000 in General Receipts Bonds in one or more series for the purpose of paying the costs of certain University Facilities, refunding outstanding Obligations previously issued by the University and paying the costs of issuance of such Program Bonds. The specifications of each series of Program Bonds issued pursuant to the Program Resolution and the Program Supplement will be set forth in the Certificate of Award for that series.

The proceeds of all Obligations, including the Program Bonds, are to be applied solely to pay costs of University Facilities, including capitalized interest, to refund, fund or retire obligations previously issued for that purpose, as specifically provided and allocated in the applicable Certificate of Award, and to pay issuance costs associated with the issuance of such Obligations.

University Facilities are defined in the Indenture as buildings, structures and other improvements, and equipment, real estate and interests in real estate therefor, all or any part of the costs of which are at any time authorized by the Act to be financed by the issuance of obligations. The Act authorizes the financing of "facilities," defined in the Act to include "auxiliary facilities" (student activity or student service facilities, housing and dining facilities, dining halls or other food service and preparation facilities, vehicular parking facilities, bookstores, athletic and recreational facilities, faculty centers, auditoriums, assembly and exhibition halls, hospitals, infirmaries and other medical and health facilities, research and continuing education facilities); "educational facilities" (classrooms, or other instructional facilities, libraries, administrative and office facilities, and other facilities, other than auxiliary facilities, to be used directly or indirectly for or in connection with the conduct of the institution of higher education); "housing and dining facilities" (dormitories or other living quarters and accommodations, or related dining halls or other food service and preparation facilities, for students, members of the faculty, officers, or employees of the institution of higher education, and their spouses and families); and any one, part of or any combination of those facilities.

The Program Bonds are not obligations of the State of Ohio, are not general obligations of the University, and the full faith and credit of the University is not pledged to their payment. The owners of the Program Bonds have no right to have any excises or taxes levied by the Ohio General Assembly for the payment of the principal, interest and redemption premium.

Senior Lien Obligations

Program Bonds to be issued under this Official Statement may be issued as Senior Lien Obligations. The University has previously issued Senior Lien Obligations and may at any time incur additional Senior Lien Obligations secured by a pledge and lien on all General Receipts of the University (which includes all Special Purpose Pledged Revenues, described below) and such pledge is senior in priority to the pledge and lien securing the Special Purpose General Receipts Obligations described below.

Senior Lien Obligations secured by General Receipts of the University represent a type of financing of facilities by state universities of Ohio authorized by an amendment to the Ohio Constitution as implemented by the Act. Significant elements of this financing are the broad scope and gross pledge character of the security afforded to the Senior Lien Obligations, and the simplicity and flexibility provided by permitting all authorized types of facilities to be financed under one open end trust indenture.

Security provisions include the pledge to secure the Senior Lien Obligations with a gross pledge and first lien on all General Receipts of the University. See **SECURITY AND SOURCES OF PAYMENT – General Receipts Pledged to Senior Lien Obligations** herein.

Special Purpose General Receipts Obligations

In 2013, the University issued a series of Special Purpose General Receipts Bonds (the "Series 2013 A Bonds") as subordinated obligations of the University, payable solely from the Special Purpose Pledged Revenues, as hereinafter described. Under the Indenture, the pledge and lien on Special Purpose Pledged Revenues is junior to the pledge and lien of Senior Lien Obligations issued by the University. See **SECURITY AND SOURCES OF PAYMENT – Special Purpose Pledged Revenue Pledged to Special Purpose General Receipts Obligations** herein. The Indenture permits the University to issue additional obligations secured by a pledge and lien on Special Purpose Pledged Revenues (collectively, the "Special Purpose General Receipts Obligations"), on a parity with, or subordinate in priority to, the pledge and lien securing the Series 2013 A Bonds.

The proceeds of any obligations issued by the University as Special Purpose General Receipts Obligations are required to be applied solely to pay costs of acquisition, construction, improvement and renovation of certain student housing, dining and student recreation facilities of the University, including capitalized interest, as specifically provided and allocated in the applicable Bond proceedings, and to pay issuance costs associated with the issuance of such Obligations.

Special Purpose Revenue Facilities are defined as all housing and dining facilities and such auxiliary facilities as shall constitute recreation facilities owned by the University.

Special Purpose Pledged Revenues include all revenues, fees, rentals, rates, charges, insurance proceeds and other moneys derived by the University from the ownership or operation of Special Purpose Revenue Facilities, subject and subordinate to the lien on General Receipts securing any Senior Lien Obligation.

Constitutional and Statutory Authorization

The University's General Receipts Bonds, and consequently the Program Bonds, are authorized pursuant to the Act, enacted under authority of the Ohio Constitution, and particularly Section 2i of Article VIII thereof, which provides that the General Assembly may authorize the issuance of revenue obligations and other obligations for capital improvements for state-supported and state-assisted institutions of higher education, which obligations may be secured by a pledge under law of all or such portion of receipts of those institutions as the General Assembly authorizes. Section 2i further provides that **the owners or holders of those obligations are not given the right to have excises or taxes levied by the General Assembly for the payment of principal or interest.**

The Act implements the constitutional authority and authorizes the issuance by the University of obligations to pay all or part of the cost of "facilities" (as defined in the Indenture, the "University Facilities") and to refund, fund or retire obligations previously issued for the purpose; authorizes the pledge to the obligations of all or such part of the "available receipts" of the University as the University determines in the General Receipts Bond proceedings (being the General Receipts); and provides that the pledge of and lien on General Receipts may, as provided for in the Indenture, be made prior to all other expenses, claims or payments.

SECURITY AND SOURCES OF PAYMENT

General Receipts Pledged to Senior Lien Obligations

All Senior Lien Obligations, including any outstanding Senior Lien Obligations, each series of Program Bonds designated Senior Lien Obligations and any additional Senior Lien Obligations, are and will be payable from and secured by a first pledge of and lien on the General Receipts of the University and the Debt Service Fund.

The University covenants in the Indenture to fix, make, adjust and collect fees, rates, rentals and charges as will produce at all times General Receipts sufficient to pay (i) Debt Service Charges, when due, and (ii) together with other monies lawfully available therefor, to pay all costs and expenses required to be paid under the applicable Bond proceedings for each series of General Receipts Bonds, and all other costs and expenses necessary for the proper maintenance and successful and continuous operation of the University.

The Indenture establishes the Debt Service Fund, a special fund held by the Trustee, for the payment of Debt Service Charges on the Obligations. The University is to make payments to the Debt Service Fund in time and amount sufficient to pay Debt Service Charges when due.

The University may provide for bond insurance or other types of credit support, or a reserve fund or account, with respect to any one or more Obligations or series of Obligations and not with respect to any other Obligations or series of Obligations.

General Receipts pledged to the security of all Senior Lien Obligations include virtually all the receipts of the University, excepting only receipts expressly excluded by the Indenture.

The General Receipts are defined in the Indenture and consist of all moneys received by the University including but not limited to all gross fees, deposits, charges, receipts and income from all or any part of the students of the University, whether designated as tuition, instructional fees, tuition surcharges, general fees, activity fees, health fees or other special purpose fees or otherwise designated; all gross income, revenues and receipts from the operation, ownership, or control of University Facilities; all grants, gifts, donations and pledges and receipts therefrom; and the proceeds of the sale of Obligations, including proceeds of Obligations issued to refund Obligations previously issued, to the extent and as allocated to the payment of Debt Service Charges under the proceedings authorizing those Obligations.

The exclusions from the General Receipts consist of moneys raised by taxation and State appropriations until and unless their pledge to Debt Service Charges is authorized by law and is made by a supplemental trust agreement approved by the Board; any grants, gifts, donations and pledges, and receipts therefrom, which under restrictions imposed in the grant or promise or as a condition of the receipt are not available for payment of Debt Service Charges; moneys received in connection with branch campus operations; any special fee charged pursuant to Section 154.21(D) of the Ohio Revised Code and receipts therefrom (that fee, relating to General Receipts Bonds of the State issued by the Ohio Public Facilities Commission, has never been required to be imposed and is not anticipated to be required to be imposed).

Pursuant to the Act, upon their receipt by the University, the General Receipts are immediately subject to the lien of the pledge made by the Indenture, and the lien of that pledge is valid against all parties having claims of any kind, regardless of notice, and creates a perfected security interest without necessity for prior separation, physical delivery, filing or recording or further act by the University.

Special Purpose Pledged Revenues Pledged to Special Purpose General Receipts Obligations

Special Purpose General Receipts Obligations are secured by a pledge of Special Purpose Pledged Revenues. Special Purpose Pledged Revenues consist of all revenues, fees, rentals, rates, charges, insurance proceeds and other moneys derived by the University from the ownership or operation of Special Purpose Revenue Facilities, subject and subordinate in each case to the lien securing any Senior Lien Obligations issued pursuant to the Indenture.

The pledge of Special Purpose Pledged Revenues is subordinate to the pledge and lien of present and future Senior Lien Obligations issued under the Indenture, which are secured by all General Receipts of the University including all of the Special Purpose Pledged Revenues.

Subject to the terms and conditions of the Indenture, no payment on account of debt service charges on Special Purpose General Receipts Obligations shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of Special Purpose General Receipts Obligations, unless full payment of amounts then due and payable for principal, purchase price, premium, if any, sinking funds, reserve funds and interest on Senior Lien Obligations has been made or duly provided for in accordance with the terms of the Indenture and such Senior Lien Obligations. No payment on account of debt service charges on Special Purpose General Receipts Obligations shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of Special Purpose General Receipts Obligations, if, at the time of such payment or application or immediately after giving effect thereto, (i) there shall exist a default in the payment of principal, purchase price, premium, if any, sinking funds or interest with respect to any Senior Lien Obligations, or (ii) there shall have occurred and be continuing an Event of Default (other than a default in the payment of principal, premium, if any, sinking funds or interest) with respect to any Senior Lien Obligations or in the Indenture, permitting the holders thereof to accelerate the maturity thereof.

So long as any Special Purpose General Receipts Obligations are outstanding, the University shall set rates, charges and fees in each Fiscal Year so as to cause Special Purpose Pledged Revenues to be in an amount not less than 1.10 the aggregate debt service for the then-current Fiscal Year on all Special Purpose General Receipts Obligations.

The amount of Special Purpose Pledged Revenues in each year will change based upon various factors affecting the Special Purpose Revenue Facilities and the other income constituting Housing, Dining and Recreation Pledged Revenues, including usage, occupancy levels and the rates, fees and charges attributable to the Special Purpose Revenue Facilities and the other activities producing income constituting Special Purpose Pledged Revenues.

The University has undertaken to furnish to the Trustee the annual financial report of the University, including the audit opinion from an Independent Certified Public Accountant, and such financial report shall include the amount of Special Purpose Pledged Revenues for such Fiscal Year.

Covenant as to Sufficiency of General Receipts

Each Series of General Receipts Bonds, including the Program Bonds, are further secured by the University's covenants in the Indenture that the University will fix, make, adjust and collect fees, rates, rentals and charges and other items of General Receipts as will produce at all times General Receipts sufficient to pay (i) Debt Service Charges on the Obligations when due and all other costs and expenses required to be paid under the Indenture and (ii) all other costs and expenses necessary for the proper maintenance and successful and continuous operation of the University.

State Legislation Relative to University Fiscal Difficulties

The Ohio General Assembly has enacted Sections 3345.70 to .78 of the Ohio Revised Code (hereinafter in this section the "Fiscal Watch Act") providing methods for dealing with fiscal difficulties of state-supported universities and colleges in Ohio.

Under the Fiscal Watch Act, a board of trustees of a state university may declare that the university is in a state of fiscal exigency. So long as such a state exists, the board (i) shall file minutes of their meetings and fiscal performance reports with the State Board of Regents, (ii) shall not use state funds to provide grants or scholarships to out-of-state students or subsidize off-campus housing or subsidize transportation to and from off-campus housing, and (iii) subject to any applicable Bond proceedings and pledges, shall place all residence hall and meal fees in a rotary account dedicated to the upkeep and maintenance of dormitory buildings and to fund meal programs and place moneys for the operation of residence halls and meal programs in separately maintained auxiliary funds in the university accounting system.

The Fiscal Watch Act also requires the State's Office of Budget and Management to prepare rules for financial reporting by State-supported colleges and universities, establishing criteria for the State Board of Regents to determine when such a college or university is under a "fiscal watch," and specifying actions which must be taken by a college or university under a fiscal watch.

If the State Board of Regents determines that a fiscal watch exists, then the Governor of the State may, after consulting legislative leaders, appoint a conservator for the institution. Upon the making of such an appointment, all duties, responsibilities and powers of the institution's board of trustees are suspended and the management and control of the institution are assumed by the conservator, who also assumes custody of all property of the institution and the duties of the institution's president or chief executive officer. The conservator also conducts a preliminary performance evaluation of the institution's president or chief executive officer.

Within 30 days after the appointment of a conservator for such a college or university, the Governor must appoint, with the advice and consent of the State Senate, a five-member governance authority (the "Authority"). The Authority appoints an executive director and conducts a final evaluation of the institution's president or chief executive officer, who may be reinstated or terminated by the Authority. The Authority assumes management and control of the institution and its property from the conservator. The Authority also must prepare periodic reports about the institution including any progress in implementing reforms at the institution.

At least annually, the Authority must apply the fiscal watch criteria to the institution to determine whether sufficient fiscal stability has been achieved to warrant terminating the Authority's governance of the institution, and if so, the Authority must certify such finding to the Governor. The Governor may then issue an order terminating the Authority and fill vacancies on the board of trustees of such institution, which board assumes management and control of the institution and its property from the Authority.

The University's administration has reviewed applicable portions of the Fiscal Watch Act and the applicable rules of the State Office of Budget and Management, as well as records pertaining to the University's circumstances with respect to the Fiscal Watch Act, and is of the opinion that, with respect to the University, no circumstances or conditions exist that will cause a fiscal watch condition to be determined to exist under the Fiscal Watch Act.

THE INDENTURE

Each Series of Program Bonds issued pursuant to this Official Statement and a Supplemental Official Statement will be issued under the 1999 General Bond Resolution, the Program Resolution, the Amended and Restated Trust Indenture, the Program Supplement and the applicable Certificate of Award. Reference is made to the Program Resolution, the Amended and Restated Trust Indenture, the Program Supplement and the form of Program Bonds for each applicable series of Program Bonds for complete details of the terms of such series of Program Bonds and security therefor. The following is a summary of certain provisions of the Indenture and should not be considered a full statement thereof.

Debt Service Fund

Monies in the Debt Service Fund are used for the payment of current Debt Service Charges. Payments sufficient in time and amount to pay the Debt Service Charges on each series of General Receipts Bonds as they become due are to be paid by the University directly to the Trustee and deposited in the Debt Service Fund to the extent monies in the Debt Service Fund are not otherwise available therefor.

If the University determines to direct the redemption of all or a part of each series of General Receipts Bonds, the University must deliver to the Trustee, for deposit in the Debt Service Fund, to be credited to the Special Bond Service Account, prepayments in an amount equal to the redemption price to effect such redemption.

Moneys in the Debt Service Fund shall be invested and reinvested by the Trustee, to the extent permitted by applicable law, in: (i) (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged, (b) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of Treasury of the United States of America or Federal Reserve Bank), and (c) securities which represent an interest in the obligations described in (a) and (b) above; (ii) any bonds, participation certificates or other obligations of any agency or instrumentality of the United States, including obligations of the Federal Farm Credit Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Land Banks, Federal Home Loan Mortgage Corporation, Federal Home Loan Banks, Federal National Mortgage Association, Government National Mortgage Association and Student Loan Marketing Association; (iii) certificates of deposit of banks or trust companies, including the Trustee, organized under the laws of the United States or any state thereof, having a capital and surplus of $50,000,000 or more and which are members of the Federal Reserve System; (iv) repurchase agreements with banks or other financial institutions, including the Trustee, which are fully collateralized by obligations described in clauses (i) or (ii) above based upon market value, which obligations are in the possession of the Trustee or its agent and are free and clear of all security interests, liens or other rights of any third party, and in which obligations the Trustee has a first, perfected security interest; provided that any financial institution which is a broker-dealer must be a member of the Securities Investor Protection Corporation; (v) any no front end load money market mutual fund or collective investment fund, as defined in Section 1111.01(A) of the Ohio Revised Code, established by a bank, including the Trustee, in either case consisting exclusively of obligations of the United States or any agency thereof; (vi) the Ohio Subdivision's Fund created by Section 135.45 of the Ohio Revised Code; and (vii) general or full faith and credit obligations of the State of Ohio and obligations of any state of the United States or any political subdivision thereof, the full payment of principal of and premium, if any, and interest on which are provided for by an irrevocable deposit in trust of obligations of the type specified in (i) above and which carry either of the two highest rating categories of Moody's Investors Service, Inc. and Standard & Poor's Rating Service or their respective successors.

Facilities Fund

The Indenture provides for the Facilities Fund to be held by the University and provides for certain proceeds of the General Receipts Bonds to be deposited in the Project Account therein. The Indenture establishes the Project Account in the Facilities Fund from which the costs of a specific project and the cost of the issuance of a particular series of General Receipts Bonds will be paid. The Facilities Fund shall be invested in accordance with the Investment Policy (as such Policy may be amended from time to time by the University) of the University and may be disbursed by the University to pay costs of a specific project in accordance with the Indenture. The Facilities Fund is neither held by the Trustee nor pledged as security for the General Receipts Bonds or any other Obligations.

Covenants of the University

In the Indenture, the University covenants, among other things:

(a) to pay the Debt Service Charges on any Obligation according to their terms and the terms of the Indenture;

(b) to pay all the costs, charges and expenses incurred by the Trustee or any Holder, including reasonable attorneys' fees reasonably incurred or paid because of the failure on the part of the University to perform, comply with and abide with each and every one of the stipulations, agreements, conditions and covenants of the Obligations and the Indenture, or either of them;

(c) to fix, make, adjust and collect fees, rates, rentals and charges and other items of General Receipts as will produce at all times General Receipts sufficient to pay the Debt Service Charges when due, to establish and maintain amounts, if any required to be deposited in any Bond Reserve Fund, to pay all other costs and expenses for the proper maintenance and successful and continuous operation of the University and to pay any amounts due and payable to the provider of any insurance policy, guaranty, surety bond or letter of credit held in the Bond Reserve Fund; and

(d) to do any and all things necessary in order to maintain the pledge, assignment and grant of a lien on and security interest in the pledged General Receipts and Special Funds as valid, binding, effective and perfected, all as provided in the Indenture.

Events of Default and Remedies

Each of the following is declared in the Indenture to be an "Event of Default":

(a) Failure to pay any interest on any Obligation when and as the same shall become due and payable;

(b) Failure to pay the principal of or any redemption premium on any Obligation when and as the same shall become due and payable, whether at the stated maturity thereof or by redemption or acceleration or pursuant to any mandatory sinking fund requirements;

(c) Failure by the University to perform or observe any other covenant, agreement or condition on the part of the University contained in the Indenture or in the Obligations, which failure or default shall have continued for a period of 30 days after written notice, by registered or certified mail, given to the University by the Trustee, specifying the failure or default and requiring the same to be remedied, which notice shall be given by the Trustee upon the written request of the holders of not less than 25% in aggregate principal amount of the Obligations then outstanding, provided that the person or persons requesting such notice may agree in writing to a 90-day extension of such period prior to the expiration of the initial 30-day period; provided, further, however, that if the University shall proceed to take curative action which, if begun and prosecuted with due diligence, cannot be completed within a period of 90 days, then such period shall be increased without such written extension to such extent as shall be necessary to enable the University to diligently complete such curative action; or

(d) The University shall (i) admit in writing its inability to pay its debts generally as they become due, (ii) have an order for relief entered in any case commenced by or against it under federal bankruptcy laws, as now or hereafter in effect, (iii) commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or similar laws, or have such a proceeding commenced against it and have either an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for 90 days, (iv) make an assignment for the benefit of creditors, or (v) have a receiver or trustee appointed for it or for the whole or substantial part of its property.

Upon the happening and continuance of any Event of Default, the Trustee may, and upon the written request of the holders of not less than 25% in aggregate principal amount of outstanding Obligations shall, upon being properly indemnified, take appropriate actions, in equity or at law including application to a court for the appointment of a receiver to receive and administer pledged General Receipts, to protect and enforce all the rights of the Trustee and the Obligation holder under the Indenture. In addition, in the event of the occurrence of any Event of Default, the Trustee may, and upon the request of the holders of at least 25% in aggregate principal amount of the then outstanding Obligations, shall so long as properly indemnified, by appropriate notice to the University, declare the principal of all the outstanding Obligations and the accrued interest thereon, immediately due and payable. Further provision is made for the rescission of such last declaration upon the payment of all amounts due, and for waivers in connection with events of default.

Furthermore, the Holders of a majority in aggregate principal amount of the Obligations then outstanding, shall, in accordance with the terms of the Indenture, have the right by written instrument delivered to the Trustee to direct the method and place of conducting any and all remedial proceedings under the Indenture, as to their respective interests.

As provided in the Indenture, before taking remedial action the Trustee may require that a satisfactory indemnity bond be provided for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its gross negligence or willful misconduct, by reason of any action so taken. The Trustee may act without such indemnity, in which case its expenses are reimbursable by the University from General Receipts available therefor.

The holders of the Obligations are not entitled to enforce the provisions of the Indenture or to institute, appear in or defend any suit, action or proceeding to enforce any rights, remedies or covenants granted or contained in the Indenture or to take any action with respect to any Event of Default under the Indenture, except as provided in the Indenture.

Defeasance

If there is paid or caused to be paid all Debt Service Charges due or to become due on outstanding Obligations, and provision is made for paying all other sums payable under the Indenture by the University, then the Indenture shall cease, determine and become null and void, and the covenants, agreements and other obligations of the University thereunder shall be discharged and satisfied. Thereupon, the Trustee shall release the Indenture and shall execute and deliver to the University such instruments to evidence such release and discharge as may be reasonably required by the University, and the Trustee and Paying Agents shall deliver to the University any property at the time subject to the lien of the Indenture which may then be in their possession except for amounts in the Debt Service Fund required to be held by the Trustee and Paying Agent, as required under the Indenture.

All Debt Service Charges due or to become due on any series of outstanding Obligations will be deemed to have been paid or caused to be paid for such purpose if:

(a) the Trustee and Paying Agents hold, in the Debt Service Fund in trust for and irrevocably committed thereto, sufficient monies, or

(b) the Trustee holds, in trust for and irrevocably committed thereto, in the Debt Service Fund, investments qualifying as Government Obligations (as defined in the Indenture) certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal or the interest earnings (likewise to be held in trust and committed, except as described below), be sufficient together with monies referred to in (a) above, for the payment at their maturity or redemption date, of all Debt Service Charges thereon to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date then to the date of the tender of such payment; provided, that if any such Obligations are to be redeemed prior to their maturity, notice of such redemption has been given or irrevocable provision satisfactory to the Trustee has been made for the giving of such notice.

Any monies held by the Trustee in accordance with provisions (a) or (b) above shall be invested only in investments qualifying as Government Obligations, the maturities or redemption dates of which, at the option of the holder, shall coincide as nearly as practicable with, but no later than, the time or times at which said monies will be required for such purposes. Any income or interest earned by, or increment to, such investments shall, to the extent not required for the applicable purposes, be transferred to the University free of any trust or lien.

In the event that the Indenture is satisfied and discharged in accordance with the two preceding paragraphs with respect to all Obligations, all Obligations then outstanding shall cease to be entitled to any lien, benefit or security of the Indenture except the right to receive the funds held by the Trustee and the Paying Agents pursuant to such paragraphs or by the University (pursuant to the provisions for unclaimed monies described below), and such will be deemed not to be outstanding under the Indenture.

It is the duty of the Trustee and the Paying Agents and the University to so hold such funds for the benefit of the holders of Obligations.

Supplemental Indentures, Modifications

The Trustee and the University may, from time to time, enter into Supplemental Indentures for any of the following purposes without the consent of or any action by the Holders:

(a) To cure any ambiguity, inconsistency or formal defect or omission in the Indenture or in any Supplemental Indenture;

(b) To grant or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that may be lawfully granted to or conferred upon the Holders or the Trustee;

(c) To subject additional revenues or property to the lien and pledge of the Indenture or to provide for the partial release of General Receipts from the lien of the Indenture in accordance with the provisions thereof;

(d) To add to the covenants and agreements of the University contained in the Indenture other covenants and agreements thereafter to be observed for the protection of the Holders, or, if in the judgment of the Trustee such is not to the prejudice of the Trustee or the Holders, to surrender or limit any right, power or authority reserved to or conferred upon the University in the Indenture, including the limitation of rights of redemption so that in certain instances Obligations of different series will be redeemed in some prescribed relationship to one another;

(e) To evidence any succession to the University and the assumption by such successor of the covenants and agreements of the University contained in the Indenture or other instrument providing for the operation of the University or University Facilities, and the Obligations;

(f) In connection with the issuance of Obligations, all in accordance with the provisions of the Indenture;

(g) To permit the Trustee to comply with any obligations imposed upon it by law;

(h) To permit the exchange of Obligations, at the option of the Holder or Holders thereof, for coupon Obligations of the same series payable to bearer, in an aggregate principal amount not exceeding the unmatured and unredeemed principal amount of the Predecessor Obligations (as defined in the Indenture), bearing interest at the same rate or rates and maturing on the same date or dates, with coupons attached representing all unpaid interest due or to become due thereon if, in the opinion of nationally recognized General Receipts Bond counsel selected by the University and acceptable to the Trustee, that exchange would not result in the interest on any of the Obligations outstanding becoming subject to federal income taxation;

(i) To specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Authenticating Agents or Paying Agents (all as defined in the Indenture);

(j) To achieve compliance of the Indenture with any applicable federal or Ohio laws, including tax laws; and

(k) In connection with any other change to the Indenture which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders of the Obligations.

Exclusive of Supplemental Indentures referred to above, and subject to terms, provisions and limitations contained in the Indenture, the Holders of a majority in aggregate principal amount of the Obligations then outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the University and the Trustee of such other indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the University for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided that nothing in the Indenture or elsewhere shall permit, or be construed as permitting, a Supplemental Indenture providing for (a) (i) a reduction in the percentage of Obligations the consent of the Holders of which is required to consent to such Supplemental Indenture or (ii) a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, without the consent of the Holders of all Obligations then outstanding, (b) effect a change in the times, amount or currency of payment of the principal of, premium, if any, on or interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the Holder of each such Obligation so affected, or (c) modify the right of the holders of not less than twenty-five percent in aggregate principal amount of the Obligations then outstanding and in default as to payment of principal, premium or interest to compel the Trustee to declare the principal of all Obligations to be due and payable, without the consent of the Holders of a majority in aggregate principal amount of the Obligations then outstanding.

Additional Obligations; Partial Release of General Receipts

Additional Obligations, as the same may from time to time be authorized by Series Resolutions, are issuable on parity with or subordinate to all other Obligations, subject to the conditions set forth in the Indenture. The Indenture provides that, except when necessary or appropriate in the opinion of the Trustee to avoid an Event of Default, no Obligations shall be issued unless (i) no Event of Default exists with respect to any covenants or obligations of the University contained in the Indenture or in the Obligations and the authentication and delivery of those Obligations will not result in any such Event of Default and (ii) the General Receipts of the University for the most recently completed Fiscal Year are at least one and one half times the Maximum Annual Debt Service on all Obligations outstanding and to be outstanding after the issuance of the Obligations then under consideration.

The University may incur indebtedness payable from General Receipts other than pursuant to the Indenture as long as such indebtedness is expressly subordinate to indebtedness incurred under and subject to the lien of the Indenture ("Subordinated Indebtedness"). The Indenture may be amended and supplemented to release specified sources or portions of General Receipts from the pledge and lien of the Indenture; *provided* that, the General Receipts for the most recently completed Fiscal Year are certified to be at least equal to the sum of the highest annual Debt Service Charges for any future Fiscal Years with respect to all Obligations and Subordinated Indebtedness then outstanding and to be outstanding after the issuance of any Subordinated Indebtedness then under consideration.

Enforcement by Mandamus

The Act establishes the duties of the University, the University officers and the University employees as duties enforceable by mandamus, and a covenant to that effect is contained in the 1999 General Receipts Bond Resolution.

Trustee

The Trustee, The Bank of New York Mellon Trust Company, N.A., as successor trustee, with its designated corporate trust office located in New Albany, Ohio, is a national banking association organized and existing under the laws of the United States, and is authorized to exercise corporate trust powers in the State of Ohio. The Trustee is among the banks that serve as depositories for University monies.

TERMS OF PROGRAM BONDS

The specific terms of each series of Program Bonds issued during the Offering Period will be set forth in a Certificate of Award and described in a Supplemental Official Statement. The specific terms set forth in the applicable Certificate of Award will include some or all of the following:

- whether the Program Bonds are being issued as Senior Lien Obligations or as Special Purpose General Receipts Obligations;
- the aggregate principal amount of the Program Bonds being issued;
- the price at which the Program Bonds will be issued;
- whether the interest on the Program Bonds will be fixed or variable and if variable, the interest rate mode the applicable Program Bonds will be in on the date of issue;
- the interest payment dates and principal dates on which principal and interest on the Program Bonds will be payable;
- the maturity date of the Program Bonds;
- terms of any mandatory or optional redemption of the Program Bonds;
- specifics relating to the tax treatment of the Program Bonds;
- the name or names of any underwriters or agents of the Program Bonds; and
- any other terms specific to such series of Program Bonds.

The Program Resolution authorizes the University to issue Program Bonds as fixed rate General Receipts Bonds or variable rate General Receipts Bonds, and each series may be designated by the University in the applicable Certificate of Award as either federally taxable Obligations or Obligations the interest on which is excluded from income for federal tax purposes. Further, the University will specify in each Certificate of Award whether the applicable series of Program Bonds is being issued as a series of Senior Lien Obligations or as a series of Special Purpose General Receipts Obligations.

Variable Rate Program Bonds

For Program Bonds issued as variable rate Program Bonds (collectively, the "Variable Rate Program Bonds"), the University may issue such Program Bonds in a Commercial Paper Mode, a Daily Mode, a Weekly Mode, or a Term Rate Mode, and such Program Bonds may be subsequently converted to a Fixed Rate Mode, each as defined and further described in Exhibit A attached to this Official Statement.

When a Commercial Paper Mode, a Daily Mode or a Weekly Mode is in effect, interest will be calculated on the basis of a 365/366 day year for the actual number of days elapsed, and when a Term Rate Mode or Fixed Rate Mode is in effect, interest will be calculated on the basis of a 360 day year comprised of twelve 30-day months.

For Program Bonds issued as Variable Rate Program Bonds, certain of the provisions relating to the modes available with respect thereto are set forth below (with all terms as defined in Exhibit A attached hereto):

Mode	Interest Period	Interest Payment Date	Record Date
Commercial Paper	The period of from one to 270 calendar days as established by the Remarketing Agent	The last day of the Interest Period	The day next preceding each Interest Payment Date
Daily	From each Rate Determination Date to (but excluding) the next such Determination Date)	First Business Day of each month	The last day of each month
Weekly	From each Wednesday to and including the next Tuesday	First Business Day of each month	The day next preceding each Interest Payment Date
Term Rate	As determined by the University pursuant to the Indenture	As determined by the University pursuant to the Indenture	15th day of the month next preceding each Interest Payment Date
Fixed Rate	Mode Change Date to maturity	As determined by the University pursuant to the Indenture	15th day of the month next preceding each Interest Payment Date

For each series of Variable Rate Program Bonds, unless otherwise provided in the Certificate of Award for such series, the term "Interest Accrual Period" means the period during which the applicable series of Variable Rate Program Bonds accrues interest payable on the next Interest Payment Date applicable thereto. With respect to Variable Rate Program Bonds in the Daily Mode, the Interest Accrual Period shall commence on (and include) the first day of each month and shall extend through (and include) the last day of such month; *provided*, that if such month is the month in which the applicable Variable Rate Program Bonds were authenticated and delivered or were changed to the Daily Mode, the Interest Accrual Period shall commence on the date of authentication and delivery of such Variable Rate Program Bonds or the Mode Change Date, as the case may be; *provided, further*, that if no interest has been paid on any Variable Rate Program Bonds in the Daily Mode, interest shall accrue from the date of original authentication and delivery of such Variable Rate Program Bonds or the applicable Mode Change Date, as appropriate. With respect to Variable Rate Program Bonds in all Modes other than the Daily Mode, the Interest Accrual Period shall commence on the last Interest Payment Date to which interest has been paid (or, if no interest has been paid in such Mode, from the date of original authentication and delivery of such Variable Rate Program Bonds, or the applicable Mode Change Date, as the case may be) to, but not including, the Interest Payment Date on which interest is to be paid.

Unless otherwise specified in the applicable Certificate of Award, Program Bonds issued as Variable Rate Program Bonds will be subject to provisions regarding mode changes, optional tender, mandatory purchase and optional redemption, all as described in Exhibit A attached hereto.

CONTINUING DISCLOSURE

In accordance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"), the University (the "Obligated Person") will agree pursuant to a continuing disclosure agreement included in the Program Supplement to cause the following information to be provided:

(i) to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System ("EMMA"), certain annual financial information, including financial statements, generally consistent with the information contained under the caption **GENERAL RECEIPTS AND OUTSTANDING GENERAL RECEIPTS BONDS - General Receipts of the University** in the accompanying Supplemental Official Statement and information contained in **APPENDIX A** of the accompanying Supplemental Official Statement under the captions **GENERAL, - Academic Structure, - Faculty and Employees, - Retirement Plans, - Enrollment, - Admissions, - Fees and Charges (but only information therein with respect to the University), - Financial Aid, - Physical Plant, - The Ohio State University Wexner Medical Center,** and **FINANCIAL OPERATIONS OF THE UNIVERSITY;** such information shall be provided not later than the 180th day following the end of each Fiscal Year (or, if that is not a University business day, the next University business day), and with respect to audited financial statements, no later than thirty (30) days after the date on which such audited financial statements are accepted by the Ohio Auditor of State, commencing with the annual financial information and audited financial statements for Fiscal Year 2016.

(ii) to EMMA, in a timely manner (but not in excess of 10 business days after the occurrence of the event), notice of the occurrence of any of the following events with respect to the Bonds:

(a) Principal and interest payment delinquencies;

(b) Non-payment related defaults, if material;

(c) Unscheduled draws on debt service reserves reflecting financial difficulties;

(d) Unscheduled draws on credit enhancements reflecting financial difficulties;

(e) Substitution of credit or liquidity providers, or their failure to perform;

(f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(g) Modifications to rights of holders of the Bonds, if material;

(h) Bond calls (other than mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event), if material, and tender offers;

(i) Defeasances of the Indenture or the Series Supplement entirely, as to all or a portion of the Bonds;

(j) Release, substitution or sale of property securing repayment of the securities, if material;

(k) Rating changes;

(l) Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

(m) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(n) Appointment of a successor or additional trustee or the change of the name of a trustee, if material.

(iii) to EMMA, notice of a failure (of which the Obligated Person has knowledge) of an Obligated Person to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

For purposes of this transaction with respect to events as set forth in the Rule:

(a) there are no debt service reserve funds, credit enhancements, or liquidity providers applicable to the Bonds; and

(b) there is no property securing the repayment of the Bonds.

The University reserves the right to amend the continuing disclosure agreement set forth in the Program Supplement, and to obtain the waiver of noncompliance with any provision of such continuing disclosure agreement, as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rules, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature, or status of the University. Any such amendment or waiver will not be effective unless such continuing disclosure agreement (as amended or taking into account such waiver) would have complied with the requirements of the Rule at the time of the "primary offering" (within the meaning of the Rule) of the Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the University shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the University that the amendment or waiver would not materially impair the interest of holders or beneficial owners of the Bonds, or (ii) the written consent to the amendment, or waiver, by the holders of at least a majority of the aggregate outstanding principal amount of the Bonds.

The continuing disclosure agreement will be solely for the benefit of the holders and beneficial owners of the Bonds including holders of book-entry interests in them. The right to enforce the provisions of the continuing disclosure agreement may be limited to a right of the holders or beneficial owners to enforce to the extent permitted by law (by mandamus, or other suit, action or proceedings at law or in equity) the obligations and duties under it.

Any noncompliance with the continuing disclosure agreement will not be a default or failure to comply for purposes of the default provisions of the Indenture. The Trustee has no responsibility for monitoring compliance with such continuing disclosure agreement.

The performance by the University, as the only Obligated Person with respect to the Bonds, of the continuing disclosure agreement will be subject to the annual appropriation by the Board of moneys for the applicable purposes.

The continuing disclosure agreement will remain in effect only for such period that the Bonds are outstanding in accordance with their terms and the University remains an Obligated Person with respect to the Bonds within the meaning of the Rule.

PLAN OF DISTRIBUTION

The University may sell Program Bonds to or through underwriters or dealers, and also may sell Program Bonds directly to one or more other purchasers or through agents. A Supplemental Official Statement will set forth the names of any underwriters or agents involved in the sale of the Program Bonds and any applicable discounts or commissions.

ELIGIBILITY FOR INVESTMENT AND AS PUBLIC MONEYS SECURITY

To the extent that the matter as to the particular investor is governed by Ohio law, and subject to any applicable limitations under other provisions of Ohio law, the Program Bonds are lawful investments for banks, societies for savings, savings and loan associations, deposit guaranty associations, trust companies, trustees, fiduciaries, insurance companies (including domestic life and domestic not for life), trustees or other officers having charge of sinking and Program Bond retirement or other funds of political subdivisions and taxing districts of the State, the Commissioners of the Sinking Fund of the State, the administrator of Workers' Compensation in accordance with applicable investment policies, and State retirement systems (Teachers, Public Employees, Public School Employees, and Police and Firemen's), notwithstanding any other provisions of the Ohio Revised Code with respect to investments by them.

The Act provides that the Program Bonds are acceptable under Ohio law as security for the deposit of public moneys.

Owners of book-entry interests in the Program Bonds should make their own determination as to such matters as legality of investment in or pledgeability of book-entry interests.

This Official Statement has been duly prepared and delivered by the University, and executed for, and on behalf of, the University by the official identified below.

THE OHIO STATE UNIVERSITY

By: */s/ Geoffrey S. Chatas*
Geoffrey S. Chatas, Senior Vice President for
Business and Finance

EXHIBIT A

TERMS AND PROVISIONS OF VARIABLE RATE PROGRAM BONDS

PART I

DEFINITIONS

Section 1.1. Definitions.

"Alternate Rate" means (1) with respect to Variable Rate Program Bonds in the Commercial Paper Mode, the Daily Mode, the Weekly Mode or a Term Rate Mode of 12 months or less, an annual rate equal to the rates shown in the following table:

Short Term Rating		Long Term Rating	% of SIFMA
Municipal Swap Index			
A1 or VMIG-1 or F-1	and	AAA or Aaa	150%
A1 or VMIG-1 or F-1	and	AA or Aa	250%
A1 or VMIG-1 or F-1	and	A	350%
A2 or VMIG-2 or F-2	and	BBB or Baa	450%
A3 or VMIG-3 or F-3	and	<BBB- or Baa-	Maximum Rate

(2) with respect to Variable Rate Program Bonds in a Term Rate Mode of more than 12 months, an annual rate equal to the percentage shown in the following table of the index indicated with a maturity equal to the length of the interest rate period for which the Alternate Rate is calculated:

Short Term Rating		Long Term Rating	% of LIBOR
A1 or VMIG-1 or F-1	and	AAA or Aaa	100%
A1 or VMIG-1 or F-1	and	AA or Aa	200%
A1 or VMIG-1 or F-1	and	A	300%
A2 or VMIG-2 or F-2	and	BBB or Baa	400%
A3 or VMIG-3 or F-3	and	<BBB- or Baa-	Maximum Rate

"Authorized Denominations" means (i) with respect to Variable Rate Program Bonds in a Commercial Paper Mode, $100,000 and any integral multiple of $5,000 in excess thereof, (ii) with respect to Variable Rate Program Bonds in a Daily Mode or Weekly Mode, $100,000 and any integral multiple of $5,000 in excess thereof, and (iii) with respect to Variable Rate Program Bonds in a Term Rate Mode or a Fixed Rate Mode, $1,000 and any integral multiple thereof.

"Bond Counsel" means any firm of nationally recognized municipal bond attorneys selected by the University and experienced in the issuance of municipal bonds and matters relating to the exclusion of the interest thereon from gross income for Federal income tax purposes.

"Business Day" means a day other than a Saturday or Sunday and on which banks in each of the cities in which the principal offices of the University, any Remarketing Agent, if any, and the designated office of the Trustee or the Paying Agent and the office of the Liquidity Provider at which draws on a Liquidity Facility, if any, are made are located are not required or authorized to remain closed and on which the New York Stock Exchange or the payment system of the Federal Reserve System is not closed.

"Code" means the Internal Revenue Code of 1986, as amended, the Treasury Regulations (whether proposed, temporary or final) under the Code or the statutory predecessor of the Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, reference to a Section of the Code means that Section, including any applicable successor section or provision and such applicable Treasury Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

"Commercial Paper Mode Program Bond" means any Variable Rate Program Bond while in a Commercial Paper Mode.

"Commercial Paper Mode" means the Mode during which all or any portion of the Variable Rate Program Bonds bear interest at the Commercial Paper Rate.

"Commercial Paper Rate" means the per annum interest rate on any Variable Rate Program Bond in the Commercial Paper Mode determined pursuant to Section 2.4 of this Exhibit A.

"Current Mode" means, as of any time, the then-prevailing Mode.

"Daily Mode" means the Mode during which all or any part of the Variable Rate Program Bonds bear interest at the Daily Rate.

"Daily Rate" means the per annum interest rate on any Variable Rate Program Bond in the Daily Mode determined pursuant to Section 2.5(a) of this Exhibit A.

"Eastern Time" means the then prevailing time in the Eastern Time Zone.

"Electronic Means" means telecopy, facsimile transmission, e mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission.

"Favorable Opinion of Bond Counsel" means, with respect to any action the occurrence of which requires such an opinion, an unqualified Opinion of Counsel, which shall be a Bond Counsel, to the effect that such action is permitted under the Act and the Indenture and will not impair the exclusion of interest on the Variable Rate Program Bonds from gross income for purposes of Federal income taxation or the exemption of interest on the Variable Rate Program Bonds from personal income taxation under the laws of the State (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Variable Rate Program Bonds).

"Fitch" means Fitch, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the University.

"Fixed Rate" means the per annum interest rate on any Variable Rate Program Bond in the Fixed Rate Mode determined pursuant to Sections 2.6(b) of this Exhibit A.

"Fixed Rate Variable Rate Program Bonds" means any Variable Rate Program Bond or Variable Rate Program Bonds in the Fixed Rate Mode.

"Fixed Rate Mode" means the Mode during which all or any portion of the Variable Rate Program Bonds bear interest at the Fixed Rate.

"Interest Accrual Period" means the period during which a Variable Rate Program Bond accrues interest payable on the next Interest Payment Date applicable thereto. The Interest Accrual Period shall commence on (and include) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid in such Mode, from the date of original authentication and delivery of the Variable Rate Program Bonds, or the Mode Change Date, as the case may be) to, but not including, the Interest Payment Date on which interest is to be paid. If, at the time of authentication of any Variable Rate Program Bond, interest is in default or overdue on the Variable Rate Program Bonds, such Variable Rate Program Bond shall bear interest from the date to which interest has previously been paid in full or made available for payment in full on Outstanding Variable Rate Program Bonds.

"Interest Payment Date" means each date on which interest is to be paid and is: (i) with respect to a Commercial Paper Mode Program Bond, each Purchase Date applicable thereto; (ii) with respect to a Variable Rate Program Bond in the Daily Mode or in the Weekly Mode, the first Business Day of each month; (iii) with respect to a Variable Rate Program Bond in the Term Rate Mode, each Term Rate Interest Payment Date for such Variable Rate Program Bond and the final day of the current Interest Period if other than a Term Rate Interest Payment Date; (iv) with respect to a Variable Rate Program Bond in the Fixed Rate Mode, each Stated Interest Payment Date (beginning with the first Stated Interest Payment Date that occurs no earlier than three months after the commencement of the Fixed Rate Mode for such Variable Rate Program Bond); and (v) (without duplication as to any Interest Payment Date listed above) any Mode Change Date and the Maturity Date.

"Interest Period" means, for a Variable Rate Program Bond in a particular Mode, the period of time that such Variable Rate Program Bond bears interest at the rate (per annum) which becomes effective at the beginning of such period. The Interest Period for each Mode is as follows:

(i) for a Variable Rate Program Bond in the Commercial Paper Mode, the period of from one to 270 calendar days (which period must end on a Business Day) as established by the Remarketing Agent pursuant to Section 2.4 of this Exhibit A;

(ii) for a Variable Rate Program Bond in the Daily Mode, the period from (and including) the Mode Change Date upon which the interest rate mode on such Variable Rate Bond is changed to the Daily Mode to (but excluding) the next Rate Determination Date for such Variable Rate Bond, and thereafter the period from and including the current Rate Determination Date for such Variable Rate Program Bond to (but excluding) the next Rate Determination Date for such Variable Rate Program Bond;

(iii) for a Variable Rate Program Bond in the Weekly Mode, the period from (and including) the Mode Change Date upon which the interest rate mode on such Variable Rate Program Bond is changed to the Weekly Mode to (and including) the next Tuesday, and thereafter the period from (and including) each Wednesday to (and including) the next Tuesday;

(iv) for a Variable Rate Program Bond in the Term Rate Mode, the period from (and including) the Mode Change Date to (but excluding) the last day of the first period that such the interest rate mode on such Variable Rate Program Bond shall be in the Term Rate Mode as established by the University for such Variable Rate Program Bond pursuant to Sections 2.8(a)(i) of this Exhibit A and, thereafter, the period from (and including) the beginning date of each successive interest rate period selected for such Variable Rate Program Bond by the University pursuant to Section 2.6(a) while it is in the Term Rate Mode to (but excluding) the ending date for such period selected for such Variable Rate Program Bond by the University. Except as otherwise provided in the Program Supplement, an Interest Period for a Variable Rate Program

Bond in the Term Rate Mode must (i) end on either a Stated Interest Payment Date or a Business Day and (ii) must be at least 180 days in length; and

(v) for a Variable Rate Program Bond in the Fixed Rate Mode, the period from the Mode Change Date upon which the interest rate mode on such Variable Rate Program Bond was changed to the Fixed Rate Mode to the Maturity Date for such Variable Rate Program Bond.

"LIBOR" means the London Interbank Offered Rate for deposits in U.S. Dollars for a one-month or three-month period, as applicable, which appears on Bloomberg (or such other service as may be nominated by ICE Benchmark Administration, Limited (or any successor thereto), for the purpose of displaying London Interbank Offered Rates for U.S. dollar deposits) at approximately 11:00 a.m. London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

"Long-Term Mode" means the Term Rate Mode.

"Maturity Date" means the date or dates established as such in the Certificate of Award.

"Maximum Rate" means eight percent (8.00%) per annum.

"Mode" means, as the context may require, the Commercial Paper Mode, the Daily Mode, the Weekly Mode, the Term Rate Mode or the Fixed Rate Mode.

"Mode Change Date" means with respect to any Variable Rate Program Bond in a particular Mode, the day on which another Mode for such Variable Rate Program Bond begins.

"Mode Change Notice" means the notice from the University to the other Notice Parties of the University's intention to change the Mode with respect to any Variable Rate Program Bond.

"Moody's" means Moody's Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the University.

"New Mode" shall have the meaning specified in Section 2.8(a)(i) of this Exhibit A.

"Notice Parties" means the University, the Trustee, the Remarketing Agent and the Paying Agent.

"Opinion of Counsel" means a written legal opinion from a firm of attorneys experienced in the matters to be covered in the opinion.

"Paying Agent" means the Trustee, or any other commercial bank or trust company which may be substituted in its place as provided in the Indenture.

"Principal Payment Date" means any date upon which the principal amount of Variable Rate Program Bonds is due hereunder, including the Maturity Date, any Serial Maturity Date, any Redemption Date, or the date the maturity of any Variable Rate Program Bond is accelerated pursuant to the terms of this Exhibit A or otherwise.

"Purchase Account" shall mean the account by that name created in Section 4.10 of this Exhibit A.

"Purchase Date" means (i) for a Variable Rate Program Bond in the Commercial Paper Mode, the last day of each Interest Period for such Variable Rate Program Bond, (ii) for a Variable Rate Program Bond in the Daily Mode or the Weekly Mode, any Business Day selected by the Holder of said Variable Rate Program Bond pursuant to the provisions of Section 4.1 of this Exhibit A and (iii) for a Variable Rate Program Bond in the Term Rate Mode, the last day of each Interest Period for such Variable Rate Program Bond (or the next Business Day if such last day is not a Business Day).

"Purchase Fund" means the fund by that name created in Section 4.10 of this Exhibit A.

"Purchase Price" means an amount equal to the principal amount of any Variable Rate Program Bonds purchased on any Purchase Date, plus, in the case of any purchase of Variable Rate Program Bonds in the Daily Mode or the Weekly Mode, accrued interest, if any, to the Purchase Date.

"Rate Determination Date" means the date on which the interest rate on a Variable Rate Program Bond shall be determined, which, (i) in the case of the Commercial Paper Mode, shall be the first day of an Interest Period; (ii) in the case of the Daily Mode, shall be each Business Day commencing with the first day (which must be a Business Day) the Variable Rate Program Bonds become subject to the Daily Mode; (iii) in the case of the Weekly Mode, shall be each Tuesday or, if Tuesday is not a Business Day, the next succeeding day or, if such day is not a Business Day, then the Business Day next preceding such Tuesday; (iv) in the case of the Term Rate Mode, shall be a Business Day no earlier than thirty (30) Business Days and no later than the Business Day next preceding the first day of an Interest Period, as determined by the Remarketing Agent; and (v) in the case of the Fixed Rate Mode, shall be a date determined by the Remarketing Agent which shall be at least one Business Day prior to the Mode Change Date.

"Rating Confirmation Notice" means a notice from Moody's, S&P and Fitch, and the respective successors and assigns of any of them, as appropriate, confirming that the rating on the applicable Variable Rate Program Bonds will not be lowered or withdrawn (other than a withdrawal of a short term rating upon a change to a Long-Term Mode) as a result of the action proposed to be taken.

"Record Date" means (i) with respect to Variable Rate Program Bonds in a Commercial Paper Mode or a Weekly Mode, the day (whether or not a Business Day) next preceding each Interest Payment Date, (ii) with respect to Variable Rate Program Bonds in the Daily Rate Mode, the last day of each month (whether or not a Business Day) and (iii) with respect to Variable Rate Program Bonds in a Term Rate Mode or a Fixed Rate Mode, the fifteenth (15th) day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

"Redemption Date" means the date fixed for redemption of Variable Rate Program Bonds subject to redemption in any notice of redemption given in accordance with the terms of this Exhibit A.

"Redemption Price" means an amount equal to the principal of and premium, if any, and accrued interest, if any, on the Variable Rate Program Bonds to be paid on the Redemption Date.

"Remarketing Agent" means the investment banking firm which may at any time be designated as such as provided in Section 5.20 of the Indenture.

"Remarketing Agreement" means the Remarketing Agreement by and between the University and the Remarketing Agent; or any similar agreement between the University and a Remarketing Agent, as it may be amended or supplemented from time to time in accordance with its terms.

"Remarketing Proceeds Account" means the account by that name created in Section 4.10 of this Exhibit A.

"Serial Bonds" shall mean the Variable Rate Program Bonds maturing on the Serial Maturity Dates, as determined pursuant to Section 2.8(b) of this Exhibit A.

"Serial Maturity Dates" means the dates on which the Serial Bonds mature, as determined pursuant to Section 2.8(b) of this Exhibit A.

"Serial Payments" mean the payments to be made in payment of the principal of the Serial Program Bonds on the Serial Maturity Dates.

"Short-Term Mode" means a Daily Mode, a Weekly Mode or the Commercial Paper Mode.

"SIFMA Municipal Swap Index" means the Securities Industry and Financial Markets Association Municipal Swap Index, which is an index compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data that meet specific criteria established from time to time by the Securities Industry and Financial Markets Association, or any successor to such organization, and issued on Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day, for the most recently preceding Business Day.

"S&P" means Standard & Poor's Rating Group, a division of The McGraw-Hill Companies, Inc., duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the University.

"Stated Interest Payment Date" means each such date or dates as shall be specified in the applicable Certificate of Award.

"Term Rate" means the per annum interest rate for any Variable Rate Program Bond in the Term Rate Mode determined pursuant to Section 2.6(a) of this Exhibit A.

"Term Rate Interest Payment Dates" means, with respect to a Variable Rate Program Bond in the Term Rate Mode and for the current Interest Period for such Variable Rate Program Bond, each Stated Interest Payment Date occurring in such Period (beginning with the first Stated Interest Payment Date that occurs no earlier than three months after the commencement of such Period).

"Term Rate Mode" means the Mode during which all or any portion of the Variable Rate Program Bonds bear interest at the Term Rate.

"Weekly Mode" means the Mode during which all or any portion of the applicable Variable Rate Program Bonds bear interest at the Weekly Rate.

"Weekly Rate" means the per annum interest rate on any Variable Rate Program Bond in the Weekly Mode determined pursuant to Section 2.5 (c) of this Exhibit A.

Section 1.2 Interpretation. In the event that there exists more than one Remarketing Agent with respect to a series of Variable Rate Program Bonds, all provisions herein with respect to the Remarketing Agent, unless otherwise expressly provided herein, shall be deemed to apply to each Remarketing Agent individually with respect to such portion of the series of Variable Rate Program Bonds for which it serves as Remarketing Agent.

PART II

CONDITIONS AND TERMS OF VARIABLE RATE PROGRAM BONDS

Section 2.1 Denominations, Medium, Method and Place of Payment and Dating of Variable Rate Program Bonds. The Variable Rate Program Bonds shall be issued in the form of fully registered Variable Rate Program Bonds in Authorized Denominations. The principal of and premium, if any, and interest on the Variable Rate Program Bonds shall be payable in lawful money of the United States of America. The interest on the Variable Rate Program Bonds shall be paid by the Paying Agent on the Interest Payment Dates (i) in the case of Variable Rate Program Bonds in a Commercial Paper Mode, the Daily Mode or the Weekly Mode, by wire transfer of immediately available funds to a wire transfer account specified in the United States by the Holder in a writing delivered to the Paying Agent, and (ii) in the case of Variable Rate Program Bonds in a Term Rate Mode or Fixed Rate Mode, by check mailed by the Paying Agent to the respective Holders thereof at their addresses as they appear on the applicable Record Date in the Register, except that in the case of a Holder of $1,000,000 or more in aggregate principal amount of Variable Rate Program Bonds, upon the written request of such Holder to the Paying Agent ten (10) days prior to the Record Date, specifying the account or accounts to which such payment shall be made, payment of interest shall be made by wire transfer of immediately available funds on the Interest Payment Date following such Record Date. Any such request shall remain in effect until revoked or revised by such Holder by an instrument in writing delivered to the Paying Agent. The principal of and premium, if any, on each Variable Rate Program Bond shall be payable on the Principal Payment Date, upon surrender thereof at the office of the Paying Agent.

The Paying Agent, the Trustee, the Remarketing Agent and the University may treat the Holder of a Variable Rate Program Bond as the absolute owner thereof for all purposes, whether or not such Variable Rate Program Bond shall be overdue, and the Paying Agent, the Trustee, the Remarketing Agent and the University shall not be affected by any knowledge or notice to the contrary; and payment of the principal of and premium, if any, and interest on such Variable Rate Program Bond shall be made only to such Holder, which payments shall be valid and effectual to satisfy and discharge the liability of such Variable Rate Program Bond to the extent of the sum or sums so paid. All Variable Rate Program Bonds at maturity or on earlier redemption paid pursuant to the provisions of this Section shall be canceled by the Paying Agent.

The Variable Rate Program Bonds shall be dated the date of authentication thereof and shall bear interest during each applicable Interest Accrual Period until the entire principal amount of the Variable Rate Program Bonds has been paid.

Section 2.2 Payment of Principal and Interest of Variable Rate Program Bonds; Acceptance of Terms and Conditions.

(a) The interest on the Variable Rate Program Bonds shall become due and payable on the Interest Payment Dates in each year to and including the Maturity Date, and on each Redemption Date and on the date of any acceleration prior thereto. The principal of the Variable Rate Program Bonds shall become due and payable on the Principal Payment Dates.

(b) By the acceptance of its Variable Rate Program Bond, the Holder thereof shall be deemed to have agreed to all the terms and provisions of such Variable Rate Program Bond as specified in such Variable Rate Program Bond and the Program Supplement, including, without limitation, the applicable Interest Periods, interest rates (including any applicable Alternate Rate), Purchase Dates, Purchase Prices, mandatory and optional purchase and redemption provisions applicable to such Variable Rate Program Bond, method and timing of purchase, redemption, payment, etc. Such Holder further agrees that if, on any date upon which one of its Variable Rate Program Bonds is to be purchased, redeemed or paid at maturity or earlier due date, funds are on deposit with the Paying Agent or the Trustee to pay the full amount due on such Variable Rate Program Bond, then such Holder shall have no rights under the Program Supplement other than to receive such full amount due with respect to such Variable Rate Program Bond and that interest on such Variable Rate Program Bond shall cease to accrue as of such date.

Section 2.3 Calculation and Payment of Interest; Change in Mode; Maximum Rate.

(a) When a Commercial Paper Mode, a Daily Mode or a Weekly Mode is in effect, interest shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed. When a Term Rate Mode or a Fixed Rate Mode is in effect, interest shall be calculated on the basis of a 360 day year comprised of twelve 30-day months. Payment of interest on each Variable Rate Program Bond shall be made on each Interest Payment Date for such Variable Rate Program Bond for unpaid interest accrued during the Interest Accrual Period to the Holder of record of such Variable Rate Program Bond on the applicable Record Date.

(b) Some or all of the Variable Rate Program Bonds in any Mode, other than a Fixed Rate Mode, may be changed to any other Mode at the times and in the manner hereinafter provided so that the Variable Rate Program Bonds may be in more than one Mode at any time after their original issuance; subject, however, to the provision that if the Variable Rate Program Bonds are initially issued with more than one maturity, then all Variable Rate Program Bonds of a single maturity must be in the same Mode at the same time, but such Mode for such Variable Rate Program Bonds can be changed from time-to-time in the manner provided herein. Subsequent to such change in Mode (other than a change to a Fixed Rate Mode), any Variable Rate Program Bond may again be changed to a different Mode at the times and in the manner hereinafter provided. A Fixed Rate Mode shall be in effect until the Maturity Date, or acceleration thereof prior to the Maturity Date, and may not be changed to any other Mode.

(c) Absent manifest error, the interest rates contained in the records of the Paying Agent shall be conclusive and binding upon the University, the Remarketing Agent, the Paying Agent, the Trustee and the Holders.

(d) No Variable Rate Program Bonds shall bear interest at an interest rate higher than the Maximum Rate.

(e) In the absence of manifest error, the respective determinations of interest rates and interest periods by the Remarketing Agent shall be conclusive and binding upon the Remarketing Agent, the Paying Agent, the Trustee, the University and the Holders.

Section 2.4 Determination of Commercial Paper Rates and Interest Periods During Commercial Paper Mode. An Interest Period for a Variable Rate Program Bond in the Commercial Paper Mode shall be of such duration of from one to 270 calendar days, ending on a Business Day or the Maturity Date, as the Remarketing Agent shall determine in accordance with the provisions of this Section. A Commercial Paper Mode Program Bond can have an Interest Period, and bear interest at a Commercial Paper Rate, different than another Commercial Paper Mode Program Bond. In making the determinations with respect to Interest Periods, subject to limitations imposed by the second preceding sentence and in Section 2.4 of this Exhibit A, on each Rate Determination Date for a Commercial Paper Mode Program Bond, the Remarketing Agent shall select for such Variable Rate Program Bond the Interest Period which would result in the Remarketing Agent being able to remarket such Variable Rate Program Bond at par in the secondary market at the lowest interest rate then available and for the longest Interest Period available at such rate, provided that if on any Rate Determination Date, the Remarketing Agent determines that current or anticipated future market conditions or anticipated future events are such that a different Interest Period would result in a lower average interest cost on such Variable Rate Program Bond, then the Remarketing Agent shall select the Interest Period which in the judgment of the Remarketing Agent would permit such Variable Rate Program Bond to achieve such lower average interest cost; provided, however, that if the Remarketing Agent has received notice from the University that any Variable Rate Program Bond is to be changed from the Commercial Paper Mode to another Mode, the Remarketing Agent shall, with respect to such Variable Rate Program Bond, select Interest Periods which do not extend beyond the resulting applicable Purchase Date of such Variable Rate Program Bond.

On or after 4:00 P.M., Eastern Time on the Business Day next preceding each Rate Determination Date for Variable Rate Program Bonds in the Commercial Paper Mode, any Holder of such Variable Rate Program Bonds may telephone the Remarketing Agent and receive notice of the anticipated next Interest Period(s) and the anticipated Commercial Paper Rate(s) for such Interest Period(s).

To receive payment of the Purchase Price, the Holder of any Variable Rate Program Bond in the Commercial Paper Mode must present such Variable Rate Program Bond to the Paying Agent, by 12:00 noon, Eastern Time on the Rate Determination Date, in which case, the Paying Agent shall pay the Purchase Price to such Holder by 2:30 P.M., Eastern Time on the same day.

By 12:30 P.M., Eastern Time on each Rate Determination Date, the Remarketing Agent, with respect to each Variable Rate Program Bond in the Commercial Paper Mode which is subject to adjustment on such date, shall determine the Commercial Paper Rate(s) for the Interest Periods then selected for such Variable Rate Program Bond and shall give notice by Electronic Means to the Paying Agent of the new Holders, the Interest Period, the Purchase Date(s) and the Commercial Paper Rate(s).

By 1:00 P.M., Eastern Time on each Rate Determination Date, the Remarketing Agent will assign CUSIP numbers for each Variable Rate Program Bond in the Commercial Paper Mode for which a Commercial Paper Rate and Interest Period have been determined on such date and notify the Paying Agent of such assignment by Electronic Means.

Section 2.5 Determination of Interest Rates During the Daily Mode and the Weekly Mode.

(a) The interest rate for any Variable Rate Program Bond in the Daily Mode or Weekly Mode shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of the Variable Rate Program Bonds on the Rate Determination Date at a price equal to the principal amount thereof, plus interest, if any, accrued through the Rate Determination Date during the then current Interest Accrual Period.

(b) During the Daily Mode, the Remarketing Agent shall establish the Daily Rate by 10:00 A.M. Eastern Time on each Rate Determination Date. The Daily Rate for any day during the Daily Mode which is not a Business Day shall be the Daily Rate established on the immediately preceding Rate Determination Date. The Remarketing Agent shall make the Daily Rate available by telephone to any Holder or Notice Party requesting such rate, and on the last Business Day of each month, shall give notice to the Paying Agent of the Daily Rates that were in effect for each day of such month by Electronic Means.

(c) During the Weekly Mode, the Remarketing Agent shall establish the Weekly Rate in a timely fashion, but not later than 4:00 P.M. Eastern Time, on each Rate Determination Date. The Weekly Rate shall be in effect (i) initially, from and including the first day the Variable Rate Program Bonds become subject to the Weekly Mode to and including the following Tuesday and (ii) thereafter, from and including each Wednesday to and including the following Tuesday. The Remarketing Agent shall make the Weekly Rate available (i) in a timely fashion, but not later than 4:00 P.M. Eastern Time, on the Rate Determination Date by telephone to any Holder or Notice Party requesting such rate and (ii) by Electronic Means to the Paying Agent in a timely fashion, but not later than 4:00 P.M. Eastern Time, on the second Business Day immediately succeeding the Rate Determination Date. The Paying Agent shall give notice of such interest rates to the Trustee by Electronic Means not later than 4:00 P.M. Eastern Time on the second Business Day immediately succeeding the Rate Determination Date.

Section 2.6 Determination of Term Rates and Fixed Rates.

(a) Term Rates. Except as provided in the immediately succeeding paragraph, once Variable Rate Program Bonds are changed to the Term Rate Mode, such Variable Rate Program Bonds shall continue in the Term Rate Mode until changed to another Mode in accordance with Section 2.8 of this Exhibit A. The Term Rate shall be determined by the Remarketing Agent not later than 4:00 P.M., Eastern Time on the Rate Determination Date, and the Remarketing Agent shall make the Term Rate available by telephone to any Notice Party requesting such rate. The Remarketing Agent shall give written notice of the Term Rate to the University and the Paying Agent upon request. The Term Rate shall be the minimum rate which, in the sole judgment of the Remarketing Agent, would result in a sale of the Variable Rate Program Bonds at a price equal to the principal amount thereof on the Rate Determination Date for the Interest Period selected by the University in writing delivered to the Remarketing Agent before such Rate Determination Date. If a new Interest Period is not selected by the University prior to a Rate Determination Date (for a reason other than a court prohibiting such selection), the new Interest Period shall be the same length as the current Interest Period (or such lessor period as shall be necessary to comply with the next sentence). No Interest Period in the Term Rate Mode may extend beyond the applicable Maturity Date.

(b) Fixed Rates. The Remarketing Agent shall determine the Fixed Rates for a Variable Rate Program Bond being converted to the Fixed Rate Mode in the manner and at the times as follows: Not later than 4:00 P.M., Eastern Time on the Rate Determination Date for such Variable Rate Program Bond, the Remarketing Agent shall determine the Fixed Rate for such Variable Rate Program Bond. The Fixed Rate shall be the minimum interest rate which, in the sole judgment of the Remarketing Agent, will result in a sale of such Variable Rate Program Bond at a price equal to the principal amount thereof on the Rate Determination Date. The Remarketing Agent shall make the Fixed Rate available by telephone to any Notice Party requesting such Fixed Rate. Upon request of any Notice Party the Paying Agent shall give notice of such rate by Electronic Means. The Fixed Rate so established shall remain in effect until the Maturity Date of such Variable Rate Program Bond.

Section 2.7 Alternate Rates.

(a) The following provisions shall apply in the event (i) the Remarketing Agent fails or is unable to determine the interest rate or Interest Period for any Variable Rate Program Bond or (ii) the method by which the Remarketing Agent determines the interest rate or Interest Period with respect to a Variable Rate Program Bond (or the selection by the University of the Interest Periods for Variable Rate Program Bonds in the Term Rate Mode) shall be held to be unenforceable by a court of law of competent jurisdiction. These provisions shall continue to apply until such time as the Remarketing Agent (or the University, if applicable) again makes such determinations. In the case of clause (ii) above, the Remarketing Agent (or the University, if applicable) shall again make such determination at such time as there is delivered to the Remarketing Agent and the University an Opinion of Counsel to the effect that there are no longer any legal prohibitions against such determinations. The following shall be the methods by which the interest rates and, in the case of the Commercial Paper and Term Rate Modes, the Interest Periods, shall be determined for a Variable Rate Program Bond as to which either of the events described in clauses (i) or (ii) shall be applicable. Such methods shall be applicable from and after the date either of the events described in clause (i) or (ii) first become applicable to such Variable Rate Program Bond until such time as the events described in clause (i) or (ii) are no longer applicable to such Variable Rate Program Bond. These provisions shall not apply if the University fails to select an Interest Period for a Variable Rate Program Bond in the Term Rate Mode for a reason other than as described in clause (ii) above.

(b) For a Commercial Paper Mode Program Bond, the next Interest Period shall be from, and including, the last day of the current Interest Period for such Variable Rate Program Bond to, but excluding, the next succeeding Business Day and thereafter shall commence on each Business Day and extend to, but exclude, the next succeeding Business Day. For each such Interest Period, the interest rate for such Variable Rate Program Bond shall be the applicable Alternate Rate in effect on the Business Day that begins an Interest Period.

(c) If such Variable Rate Program Bond is in the Daily Mode, then such Variable Rate Program Bond shall bear interest during each subsequent Interest Period at the last lawful interest rate for such Variable Rate Program Bond set by the Remarketing Agent pursuant to Section 2.5(a) of this Exhibit A.

(d) If such Variable Rate Program Bond is in the Weekly Mode, then such Variable Rate Program Bond shall bear interest during each subsequent Interest Period at the applicable Alternate Rate in effect on the first day of such Interest Period.

(e) If such Variable Rate Program Bond is in the Term Rate Mode then such Variable Rate Program Bond shall stay in the Term Rate Mode for subsequent Interest Periods, each beginning on the last Stated Interest Payment Date and ending on the next Stated Interest Payment Date, and shall bear interest at the applicable Alternate Rate in effect at the beginning of each such Interest Period.

<u>Section 2.8 Changes in Mode</u>. Subject to the provisions of this Section, the University may effect a change in Mode with respect to a Variable Rate Program Bond by following the procedures set forth in this Section. If a change in Mode will make a Variable Rate Program Bond subject to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, the University will execute a continuing disclosure undertaking satisfying the requirements of such Rule.

(a) Changes to Modes Other Than Fixed Rate Mode. A Variable Rate Program Bond (other than a Variable Rate Program Bond in the Fixed Rate Mode) may be changed from one Mode to another Mode (other than the Fixed Rate Mode) as follows:

> (i) Mode Change Notice; Notice to Holders. No later than a Business Day which is at least 14 days (or such shorter time as may be agreed to by the University, the Trustee, the Paying Agent and the Remarketing Agent) preceding the proposed Mode Change

Date, the University shall give written notice to the Notice Parties of its intention to effect a change in the Mode from the Current Mode to another Mode (for purposes of this Section, the "New Mode") specified in such written notice, and, if the change is to a Term Rate Mode, the length of the initial Interest Period as set by the University. Notice of the proposed change in Mode shall be given to the Holders pursuant to Section 4.3 of this Exhibit A.

(ii) Determination of Interest Rates. The New Mode shall commence on the Mode Change Date and the interest rate(s) (together, in the case of a change to the Commercial Paper Mode, with the Interest Period(s)) shall be determined by the Remarketing Agent (or the University in the case of the Interest Period for a Variable Rate Program Bond converted to the Term Rate Mode) in the manner provided in Sections 2.4, 2.5 and 2.6 of this Exhibit A, as applicable.

(iii) Conditions Precedent:

(A) The Mode Change Date shall be:

(1) in the case of a change from the Commercial Paper Mode, the next Purchase Date for the Commercial Paper Mode Program Bonds to be changed to the New Mode;

(2) in the case of a change from the Daily or Weekly Mode, any Business Day; and

(3) in the case of a change from the Term Rate Mode, the last day of the current Interest Period for the Variable Rate Program Bond being converted (whether not such last day is a Business Day).

(B) The following items shall have been delivered to the Trustee, the Paying Agent and the Remarketing Agent on the Mode Change Date:

(1) in the case of a change from a Short-Term Mode to a Long-Term Mode or from a Long-Term Mode to a Short-Term Mode, a Favorable Opinion of Program Bond Counsel dated the Mode Change Date and addressed to the University, the Trustee, the Paying Agent and the Remarketing Agent; and

(2) a Rating Confirmation Notice.

(C) If the Variable Rate Program Bond to be converted is in the Commercial Paper Mode, no Interest Period set after delivery by the University to the Remarketing Agent of the notice of the intention to effect a change in Mode with respect to such Variable Rate Program Bond shall extend beyond the proposed Mode Change Date.

(D) The following additional conditions must be satisfied before a conversion to a Commercial Paper Rate shall become effective:

(1) In the event that (A) the Trustee demonstrates to the reasonable satisfaction of the University that by acting as issuing agent and

paying agent ("Issuing Agent") for the Variable Rate Program Bonds in the Commercial Paper Mode, the Trustee will suffer (i) an administrative burden, (ii) a financial loss or (iii) a breach of a regulatory requirement, and (B) the University and the Trustee cannot enter into a mutually acceptable agreement with respect to such issuing and paying agency role, the University will engage, at its expense, a commercial paper issuing and paying agent (the "Issuing Agent"), reasonably acceptable to the Trustee and the Paying Agent, having access to DTC's electronic money market issuing and payment system and otherwise eligible to serve as an Issuing Agent under DTC's policies and procedures for the issuance and payment of commercial paper.

(2) The Remarketing Agent must arrange for the execution and delivery to DTC of the required DTC letter of representation for the eligibility of the Program Bonds in the Commercial Paper Rate in DTC's book entry system and the provision of any needed CUSIP numbers;

(3) The University shall take all other action needed to comply with DTC requirements applicable to the issuance and payment of the Program Bonds while in the Commercial Paper Rate; and

(4) The University shall enter into any amendment of the Indenture that is needed to comply with DTC's or any Rating Agency's requirements concerning the issuance and payment of the Program Bonds in the Commercial Paper Rate.

(b) Change to Fixed Rate Mode. At the option of the University, a Variable Rate Program Bond may be changed to the Fixed Rate Mode as provided in this Section 2.8(b). On any Business Day which is at least 14 days (or such shorter time as may be agreed to by the University, the Trustee and the Remarketing Agent) before the proposed Mode Change Date, the University shall give written notice to the Notice Parties stating that the Mode will be changed to the Fixed Rate Mode and setting forth the proposed Mode Change Date. Such Notice shall also state whether or not some or all of the Variable Rate Program Bonds to be converted shall be converted to Serial Bonds and, if so, the applicable Serial Maturity Dates and Serial Payments. Any such change in Mode shall be made as follows:

(i) Mode Change Date. The Mode Change Date shall be:

(A) in the case of a change from the Commercial Paper Mode, the next Purchase Date for the Commercial Paper Mode Program Bonds to be changed to the New Mode;

(B) in the case of a change from the Daily or Weekly Mode, any Business Day; and

(C) in the case of a change from the Term Rate Mode, the last day of the current Interest Period for the Variable Rate Program Bond being converted (whether or not such last day is a Business Day).

(ii) Notice to Holders. Not less than the eighth (8th) day next preceding the Mode Change Date, the Paying Agent shall mail, in the name of the University, a notice of such proposed change to the Holders of the Variable Rate Program Bonds being converted stating that the Mode will be changed to the Fixed Rate Mode, the proposed Mode Change Date and that such Holder is required to tender such Holder's Variable Rate Program Bonds for purchase on such proposed Mode Change Date.

(iii) General Provisions Applying to Change to Fixed Rate Mode. The change to the Fixed Rate Mode shall not occur unless the following items shall have been delivered to the University, the Trustee and the Remarketing Agent on the Mode Change Date:

(A) if the change is from a Short-Term Mode, a Favorable Opinion of Bond Counsel dated the Mode Change Date and addressed to the University, the Trustee and the Remarketing Agent; and

(B) a Rating Confirmation Notice.

(iv) Determination of Interest Rate. The Fixed Rate for a Variable Rate Program Bond to be converted to the Fixed Rate Mode shall be established by the Remarketing Agent on the Rate Determination Date applicable thereto pursuant to the provisions of Section 2.6(b). Such Rate shall remain in effect until the Maturity Date of said Variable Rate Program Bond.

(v) Serialization. Upon conversion of a Variable Rate Program Bond to the Fixed Rate Mode, the University may elect to serialize such Variable Rate Program Bond.

(c) Failure to Satisfy Conditions Precedent to a Mode Change. In the event the conditions described above in subsections (a) or (b), as applicable, of this Section have not been satisfied by the applicable Mode Change Date, then the New Mode or Fixed Rate Mode, as the case may be, shall not take effect. If the failed change in Mode was from the Commercial Paper Mode, the applicable Variable Rate Program Bond shall remain in the Commercial Paper Mode with interest rates and Interest Periods to be established by the Remarketing Agent on the failed Mode Change Date in accordance with Section 2.4 of this Exhibit A. If the failed change in Mode was from the Daily Mode, the applicable Variable Rate Program Bond shall remain in the Daily Mode, and if the failed change in Mode was from the Weekly Mode, the applicable Variable Rate Program Bond shall remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of Section 2.4 of this Exhibit A on and as of the failed Mode Change Date. If the failed change in Mode was from the Term Rate Mode, then such Variable Rate Program Bond shall stay in the Term Rate Mode for an Interest Period ending on the next Stated Interest Payment Date and shall bear interest at the applicable Alternate Rate.

PART III

REDEMPTION OF VARIABLE RATE PROGRAM BONDS

Section 3.1 Optional Redemption of Commercial Paper Mode Program Bonds. Variable Rate Program Bonds in the Commercial Paper Mode are not subject to optional redemption prior to their respective Purchase Dates. Variable Rate Program Bonds in the Commercial Paper Mode shall be subject to redemption at the option of the University in whole or in part on their respective Purchase Dates at a redemption price equal to the principal amount thereof.

Section 3.2 Optional Redemption of Variable Rate Program Bonds in the Daily Mode or the Weekly Mode. Variable Rate Program Bonds in the Daily Mode or the Weekly Mode are subject to optional redemption by the University, in whole or in part, in Authorized Denominations on any Interest Payment Date, at a redemption price equal to the principal amount thereof, plus, in the case of Variable Rate Program Bonds in the Daily Mode, accrued interest, if any, from the end of the preceding Interest Accrual Period to the Redemption Date. In the event the Variable Rate Program Bonds are issued in more than one subseries, all optional redemptions shall be made, as nearly as practicable, such that equal principal amounts of each such subseries will be redeemed.

Section 3.3 Optional Redemption of Variable Rate Program Bonds in the Term Rate or the Fixed Rate Mode.

(a) Variable Rate Program Bonds in a Term Rate Mode shall be subject to redemption, in whole or in part, on their individual Purchase Dates, at the option of the University at a redemption price equal to the principal amount thereof, unless another date or dates or redemption price is specified in the Mode Change Notice applicable thereto.

(b) Variable Rate Program Bonds in the Fixed Rate Mode shall be subject to redemption in whole on any date or in part on any Interest Payment Date in such manner as the University shall indicate in the Mode Change Notice applicable to such Variable Rate Program Bonds.

PART IV

PURCHASE OF VARIABLE RATE PROGRAM BONDS

Section 4.1 Optional Tenders of Variable Rate Program Bonds in the Daily Mode or the Weekly Mode. The Holders of Variable Rate Program Bonds in a Daily Mode or a Weekly Mode may elect to have their Variable Rate Program Bonds (or portions of those Variable Rate Program Bonds in amounts equal to an Authorized Denomination) purchased on any Business Day at a price equal to the Purchase Price, (i) in the case of Variable Rate Program Bonds in a Daily Mode, upon delivery of an irrevocable telephonic notice of tender to the Remarketing Agent not later than 11:00 A.M. Eastern Time on the Purchase Date specified by the Holder; and (ii) in the case of Variable Rate Program Bonds in a Weekly Mode, upon delivery of an irrevocable written notice of tender or irrevocable telephonic notice of tender to the Remarketing Agent, promptly confirmed in writing to the Paying Agent, not later than 4:00 P.M., Eastern Time on a Business Day not less than seven (7) days before the Purchase Date specified by the Holder in such notice. Such notices of tender shall state the CUSIP number, Variable Rate Program Bond number and the principal amount of such Variable Rate Program Bond and that such Variable Rate Program Bond shall be purchased on the Purchase Date specified above. The Variable Rate Program Bond shall be delivered (with all necessary endorsements) at or before 12:00 noon, Eastern Time on the Purchase Date at the office of the Paying Agent; provided, however, that payment of the Purchase Price shall be made pursuant to this Section only if the Variable Rate Program Bond so delivered to the Paying Agent conforms in all respects to the description thereof in the notice described in this Section. Payment of the Purchase Price with respect to purchases under this Section shall be made to the Holders of tendered Variable Rate Program Bonds by wire transfer in immediately available funds by the Paying Agent by 2:30 P.M., Eastern Time on the Purchase Date. A Holder who gives the notice of tender as set forth above may repurchase the Variable Rate Program Bonds so tendered on such Purchase Dates if the Remarketing Agent agrees to sell the Variable Rate Program Bonds so tendered to such Holder. If such Holder decides to repurchase such Variable Rate Program Bonds and the Remarketing Agent agrees to sell the specified Variable Rate Program Bonds to such Holder, the delivery requirements set forth above shall be waived.

Section 4.2 Mandatory Purchase at End of Commercial Paper Rate Periods. Each Variable Rate Program Bond in the Commercial Paper Mode shall be subject to mandatory purchase on the Purchase Date for the current Interest Period at the Purchase Price. Variable Rate Program Bonds purchased pursuant to this Section shall be delivered by the Holders (with all necessary endorsements) to the office of the Paying Agent, at or before 12:00 noon, Eastern Time on such Purchase Date, and payment of the Purchase Price shall be made by wire transfer in immediately available funds by 2:30 P.M., Eastern Time on such Purchase Date. No notice of such mandatory purchase shall be given to the Holders.

Section 4.3 Mandatory Purchase on Mode Change Date.

(a) Variable Rate Program Bonds to be changed from one Mode to another Mode (other than a change to the Fixed Rate Mode) are subject to mandatory purchase on the Mode Change Date (or the next Business Day if the Mode Change Date is not a Business Day) at the Purchase Price as provided in this subsection (a). Variable Rate Program Bonds purchased pursuant to this Section shall be delivered by the Holders (with all necessary endorsements) to the office of the Paying Agent, at or before 12:00 noon, Eastern Time on the Purchase Date and payment of the Purchase Price shall be made by wire transfer in immediately available funds by 2:30 P.M., Eastern Time on the Purchase Date. The Paying Agent shall give notice of such mandatory purchase by mail to the Holders of the Variable Rate Program Bonds subject to mandatory purchase no less than eight days prior to such Purchase Date. The notice shall state the Purchase Date, the Purchase Price, the numbers of the Variable Rate Program Bonds to be purchased if less than all of the Variable Rate Program Bonds owned by such Holder are to be purchased and that interest on Variable Rate Program Bonds subject to mandatory purchase shall cease to accrue from and after the such Purchase Date. The failure to mail such notice with respect to any Variable Rate Program Bond shall not affect the validity of the mandatory purchase of any other Variable Rate Program Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder.

(b) Variable Rate Program Bonds to be changed to the Fixed Rate Mode are subject to mandatory purchase on the Mode Change Date (or the next Business Day if the Mode Change Dates is not a Business Day) at the Purchase Price as provided in this subsection (b). Variable Rate Program Bonds purchased pursuant to this Section shall be delivered by the Holders (with all necessary endorsements) to the office of the Paying Agent, at or before 12:00 noon, Eastern Time on the Purchase Date and payment of the Purchase Price shall be made by wire transfer of immediately available funds by 2:30 P.M., Eastern Time on such Purchase Date. The Paying Agent shall give notice such mandatory purchase as part of the Mode Change Notice to be sent to the Holders pursuant to Section 2.8(b)(ii) of this Exhibit A.

Section 4.4 Mandatory Purchase at End of Interest Period for Term Rate Mode. Each Variable Rate Program Bond in the Term Rate Mode is subject to mandatory purchase on the Purchase Date for the current Interest Period at the Purchase Price. Variable Rate Program Bonds purchased pursuant to this Section shall be delivered by the Holders (with all necessary endorsements) to the office of the Paying Agent, at or before 12:00 noon, Eastern Time on such Purchase Date and payment of the Purchase Price of such Variable Rate Program Bonds shall be made by wire transfer in immediately available funds by the Paying Agent by 2:30 P.M., Eastern Time on such Purchase Date. The Paying Agent shall give notice of such mandatory purchase by mail to the Holders of the Variable Rate Program Bonds subject to mandatory purchase no less than thirty (30) days prior to the Purchase Date. The notice shall state the Purchase Date, the Purchase Price, the numbers of the Variable Rate Program Bonds to be purchased if less than all of the Variable Rate Program Bonds owned by such Holder are to be purchased, and that interest on Variable Rate Program Bonds subject to mandatory purchase shall cease to accrue from and after the Purchase Date. The failure to mail such notice with respect to any Variable Rate Program Bond shall not affect the validity of the mandatory purchase of any other Variable Rate Program Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder.

Section 4.5 Remarketing of Variable Rate Program Bonds; Notices.

(a) Remarketing of Variable Rate Program Bonds. The Remarketing Agent shall use its best efforts to offer for sale:

(i) all Variable Rate Program Bonds or portions thereof as to which notice of tender pursuant to Section 4.1 of this Exhibit A has been given; and

(ii) all Variable Rate Program Bonds required to be purchased pursuant to Sections 4.2, 4.3 and 4.4 of this Exhibit A.

(b) Notice of Remarketing; Registration Instructions; New Variable Rate Program Bonds. On each date on which a Variable Rate Program Bond is to be purchased:

(i) unless the Remarketing Agent has notified the Paying Agent otherwise, the Remarketing Agent shall notify the Paying Agent by Electronic Means not later than 12:30 P.M., Eastern Time of the amount of tendered Variable Rate Program Bonds which were successfully remarketed, the names of the tendering Holders and the registration instructions (i.e., the names, addresses and taxpayer identification numbers of the purchasers and the desired Authorized Denominations) with respect thereto; and

(ii) the Paying Agent shall authenticate new Variable Rate Program Bonds for the respective purchasers thereof which shall be available for pick-up by the Remarketing Agent not later than 1:30 P.M., Eastern Time.

(c) Transfer of Funds. On each date on which a Variable Rate Program Bond is to be purchased:

(i) the Remarketing Agent shall give notice to the Paying Agent of receipt of the Purchase Price of remarketed Variable Rate Program Bonds by 12:45 P.M., Eastern Time; and

(ii) by 1:00 P.M., Eastern Time the Paying Agent shall direct the University to provide, on such date funds in an amount equal to the Purchase Price of all Variable Rate Program Bonds tendered or deemed tendered less the aggregate amount of remarketing proceeds notice of the receipt of which was given to the Paying Agent by the Remarketing Agent pursuant to clause (i) of this subsection. The University agrees to provide all such funds on such date and by such time and such funds shall be deposited into the Purchase Account. In the event that an Initial Facility is in effect then the Purchase Price shall be derived as provided in Section 5.4(c).

Section 4.6 Source of Funds for Purchase of Variable Rate Program Bonds. By 2:30 P.M., Eastern Time on the date on which a Variable Rate Program Bond is to be purchased, the Paying Agent shall purchase tendered Variable Rate Program Bonds from the tendering Holders at the applicable Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and neither the Trustee, Paying Agent nor the Remarketing Agent shall be obligated to provide funds from any other source:

(a) immediately available funds on deposit in the Remarketing Proceeds Account; and

(b) immediately available funds on deposit in the Purchase Account.

In the event that an Initial Credit Facility is in effect then the Purchase Price shall be derived as provided in Section 5.4(c).

Section 4.7 Delivery of Variable Rate Program Bonds. On each date on which a Variable Rate Program Bond is to be purchased, such Variable Rate Program Bond shall be delivered as follows:

(a) Variable Rate Program Bonds sold by the Remarketing Agent pursuant to Section 4.5(a) of this Exhibit A shall be delivered by such Remarketing Agent to the purchasers of such Variable Rate Program Bond by 3:00 P.M., Eastern Time; and

(b) Variable Rate Program Bonds purchased by the University with moneys described in Section 4.6(b) of this Exhibit A shall be, if in certificated form, registered immediately in the name of the University or its nominee on or before 1:30 P.M., Eastern Time or if the book-entry system is in effect, the ownership interest in such Variable Rate Program Bonds shall be transferred on the books of DTC to or for the account of the University or a participant in DTC acting on behalf of the University. Variable Rate Program Bonds so owned by the University shall be subject to all of the terms and conditions of the Program Supplement and shall be subject to remarketing by the Remarketing Agent.

Section 4.8 Undelivered Variable Rate Program Bonds. If a Variable Rate Program Bond to be purchased is not delivered by the Holder to the Paying Agent by 12:00 noon, Eastern Time on the date in which such Variable Rate Program Bond is to be purchased, the Paying Agent shall hold any funds received for the purchase of those Variable Rate Program Bonds in trust in a separate account and shall pay such funds to the former Holders of the Variable Rate Program Bonds upon presentation of the Variable Rate Program Bonds. Such undelivered Variable Rate Program Bonds shall cease to accrue interest as to the former Holders on such purchase date and moneys representing the Purchase Price shall be available against delivery of those Variable Rate Program Bonds at the designated office of the Paying Agent; provided, however, that any funds which shall be so held by the Paying Agent and which remain unclaimed by the former Holder of a Variable Rate Program Bond not presented for purchase for a period of four years after delivery of such funds to the Paying Agent, shall, to the extent permitted by law, upon request in writing by the University and the furnishing of security or indemnity to the Paying Agent's satisfaction, be paid to the University free of any trust or lien and thereafter the former Holder of such Variable Rate Program Bond shall look only to the University and then only to the extent of the amounts so received by the University without any interest thereon and the Paying Agent shall have no further responsibility with respect to such moneys or payment of the purchase price of such Variable Rate Program Bonds. All moneys held by the Paying Agent and subject to this Section shall be held uninvested and without liability for interest thereon. The Paying Agent shall authenticate a replacement Variable Rate Program Bond for any undelivered Variable Rate Program Bond which may then be remarketed by a Remarketing Agent.

Section 4.9 No Purchases or Sales After Payment Default. Anything in the Program Supplement to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default described in Section 6.01 of the Indenture, no Remarketing Agent shall remarket any Variable Rate Program Bonds. All other provisions of the Program Supplement, including without limitation, those relating to the settling of interest rates and interest periods and mandatory and optional purchases, shall remain in full force and effect during the continuance of such Event of Default.

Section 4.10 Purchase Fund. There is hereby established and there shall be maintained with the Paying Agent, as agent for the Trustee, a separate fund to be known as the "Purchase Fund." The Paying Agent shall further establish separate accounts within the Purchase Fund to be known as the "Purchase Account" and the "Remarketing Proceeds Account."

(a) Remarketing Proceeds Account. Upon receipt of the proceeds of a remarketing of a Variable Rate Program Bond on the date such Variable Rate Program Bond is to be purchased, the Paying Agent shall deposit such proceeds in the Remarketing Proceeds Account for application to the Purchase Price of the Variable Rate Program Bonds.

(b) Purchase Account. Upon receipt from the University of the immediately available funds transferred to the Paying Agent pursuant to Section 4.5(c)(ii) of this Exhibit A, the Paying Agent shall deposit such money in the Purchase Account for application to the Purchase Price of the Variable Rate Program Bonds to the extent that the moneys on deposit in the Remarketing Proceeds Account shall not be sufficient. Any amounts deposited in the Purchase Account and not needed with respect to the Purchase Price for any Variable Rate Program Bonds shall be immediately returned to the University.

(c) Investment. Amounts held in the Purchase Account and the Remarketing Proceeds Account by the Paying Agent shall be held uninvested and separate and apart from all other moneys.

PART V

CREDIT SUPPORT INSTRUMENT

Section 5.1 Subsequent Application of Initial and Subsequent Facilities.

(a) The University may provide a Credit Support Instrument for some or all the Variable Rate Program Bonds through an Initial Facility and Substitute Facilities. For purposes of this Part V, the University may also terminate any Credit Support Instrument in accordance with its terms so that no Credit Support Instrument is outstanding with respect to the Variable Rate Program Bonds. The effective date of any such termination will be considered a Conversion Date (as defined below) and the same procedures set forth below shall apply.

(b) In order for the Initial Facility to become effective, the University shall give written notice to the Remarketing Agent, the Paying Agent and the Trustee (each, a "Conversion Notice"), at or before the times specified below, that the Variable Rate Program Bonds specified in such notice will be covered by the Initial Facility from and after the applicable date (each, a "Conversion Date") specified below:

(i) If the Variable Rate Program Bonds to be covered are in the Commercial Paper Mode, the Conversion Date shall be the day which is the Purchase Date for the Interest Period for such

Variable Rate Program Bonds if the Conversion Notice is given by 4:00 P.M., Eastern Time on the Business Day which is at least the 10th calendar day prior to the Conversion Date.

(ii) If the Variable Rate Program Bonds to be covered are in the Daily Mode, the Conversion Date shall be any Rate Determination Date for such Variable Rate Program Bonds if the Conversion Notice is given by 4:00 P.M., Eastern Time on the Business Day which is at least the 10th calendar day prior to the Conversion Date.

(iii) If the Variable Rate Program Bonds to be covered are in the Weekly Mode, the Conversion Date shall be any Rate Determination Date for such Variable Rate Program Bonds if the Conversion Notice is given by 4:00 P.M., Eastern Time on the Business Day which is at least the 10th calendar day prior to the Conversion Date.

(iv) If the Variable Rate Program Bonds to be covered are in the Term Rate Mode, the Conversion Date shall be the first day of any Interest Period for such Variable Rate Program Bonds if the Conversion Notice is given by 4:00 P.M., Eastern Time on the Business Day which is at least the 14th calendar day prior to the Conversion Date.

(c) The applicable Variable Rate Program Bonds shall be covered by the Initial Facility only if, on or before the applicable Conversion Date:

(i) The Trustee shall have been furnished the Initial Facility providing for (A) the Initial Available Principal Commitment and the Initial Available Interest Commitment, (B) an effective date on and as of the Conversion Date so as to make the Initial Facility applicable to all purchases of Variable Rate Program Bonds (including all purchases pursuant to Sections 5.2 and 5.3 of this Exhibit A) occurring on and after the Conversion Date and (C) a stated expiration date not earlier than 1 year after the Conversion Date.

(ii) There shall have been delivered an opinion of counsel for the provider of the Initial Facility as to its valid, binding and enforceable nature, in form and substance satisfactory to the Remarketing Agent and the University;

(iii) The University shall have adopted a supplement or amendment to the Program Supplement adopted by the University supplementing or amending the provisions of the Program Supplement to the extent necessary to give effect to the Initial Facility and the ability to provide for Substitute Facilities, and to implement the terms of the Initial Facility and the Substitute Facilities. Notwithstanding anything to the contrary contained in the Indenture, any such supplement or amendment shall be fully effective upon the filing of a certified copy thereof with the Trustee, and such effectiveness shall not be conditional upon obtaining the consent of any Holder, the Trustee or any other person or entity.

(iv) A Favorable Opinion of Bond Counsel with respect to the obtaining and effectiveness of the Initial Facility and the matters and actions contemplated by clause (iii) above.

(v) The Trustee shall have received evidence that upon the effective date of the Initial Facility, the Variable Rate Program Bonds shall be rated not lower than A-1 by S&P, F-1 by Fitch and VMIG-1 by Moody's, respectively.

(d) If the conditions set forth in subsections (b) and (c) of this Section are not timely satisfied, then the Initial Facility shall not become effective.

(e) If the conditions set forth in subsections (b) and (c) of this Section are timely satisfied, then the Initial Facility shall become effective on the applicable Conversion Date and with respect to the Variable Rate Program Bonds to be covered.

Section 5.2 Mandatory Purchase of Variable Rate Program Bonds in the Daily or Weekly Mode on the Conversion Date. If the applicable Variable Rate Program Bonds are in the Daily Mode or the Weekly Mode on the applicable Conversion Date, such Program Bonds shall be subject to mandatory purchase on the Conversion Date at a purchase price of the principal amount thereof plus accrued and unpaid interest, if any. The Trustee shall give notice of such mandatory purchase by mail to the then Holders of the Variable Rate Program Bonds not less than the eighth day prior to such date of purchase. The notice shall state the purchase date, the purchase price and that the interest on such Variable Rate Program Bonds shall cease to accrue from and after such purchase date. The failure to mail such notice with respect to any such Variable Rate Program Bond shall not affect the validity of the mandatory purchase of any such Variable Rate Program Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder. Variable Rate Program Bonds purchased pursuant to this Section shall be delivered by the Holder (with all necessary endorsements) to the designated corporate trust office of the Trustee in New Albany, Ohio, at or before 12:00 noon, Eastern Time on such purchase date, and payment of the purchase price of such Variable Rate Program Bonds shall be made by wire transfer in immediately available funds by the Paying Agent by 2:30 P.M., Eastern Time on such purchase date.

Section 5.3 Mandatory Purchase of Variable Rate Program Bonds in the Commercial Paper and Term Rate Modes on the Conversion Date. If the applicable Variable Rate Program Bonds are in the Commercial Paper or Term Rate Mode on the Conversion Date, they shall be subject to mandatory purchase on the Conversion Date applicable thereto pursuant to, respectively, Sections 4.2 and 4.4 of this Exhibit A in light of the fact that such Conversion Date is also, respectively, a Purchase Date for such Variable Rate Program Bonds

Section 5.4 Provisions Applicable to Mandatory Purchases.

(a) The provisions of this Section shall be applicable to purchases of Variable Rate Program Bonds pursuant to Section 5.2 and 5.3.

(b) Said Variable Rate Program Bonds shall be remarketed by the Remarketing Agent in accordance with the provisions of Section 4.5 of this Exhibit A.

(c) Payment of the purchase price for said Variable Rate Program Bonds shall be made from the following sources in the order of priority indicated: (i) the proceeds of such remarketing and (ii) if and to the extent such proceeds are insufficient, drawings under the Initial Facility and, (iii) if funds are not available from the Initial Facility, from required payments to be made by the University pursuant to Section 4.5(c)(ii) of this Exhibit A.

(d) Drawings under any Credit Support Instrument of the amount of such deficiency will be made in accordance with the provisions of the Program Supplement (as the same may have been supplemented or amended in accordance with Section 5.1(c)(iii) of this Exhibit A) relating to drawings under the Initial Facility.

Section 5.5 Certain Defined Terms. As used in this Part, the following terms shall have the indicated meanings:

"Initial Available Interest Commitment" means the number of days of interest, computed on the basis of an interest rate on the principal of all the affected Variable Rate Program Bonds Outstanding on the Conversion Date, each as specified by the University. Nothing herein shall prohibit adjustments to the Initial Available Interest Commitment after the Conversion Date if and to the extent provided for by the Initial Facility or a Substitute Facility.

"Initial Available Principal Commitment" means an amount equal to the principal of all affected Variable Rate Program Bonds Outstanding on the Conversion Date. Nothing herein shall prohibit adjustments to the Initial Available Principal Component after the Conversion Date if and to the extent provided for by the Initial Facility or a Substitute Facility.

"Initial Facility" means any Credit Support Instrument which first provides liquidity or credit support or both for some or all of the Variable Rate Program Bonds.

"Substitute Facility" means any Credit Support Instrument which provides liquidity or credit support or both for some or all of the Variable Rate Program Bonds that becomes effective subsequent to the effectiveness of the Initial Facility or any prior effective Substitute Facility.

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